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Japan

Newspapers Assess Outcome of Washington Summit

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[FBIS Editorial Report] On page 2 of its 13 January morning issue, the SANKEI SHIMBUN carries a 900-word editorial entitled "Japan-U.S. Summit Talks Left Us Full of Dissatisfactions."

The editorial begins by saying: "The latest Japan-U.S. summit left us full of dissatisfactions and no clear vision came out of it." It then asks: "Was this a summit held by leaders of Japan and the United States, which have maintained the most important allied relations?"

Discussing the issue of helping the DPRK build light-water reactors, the editorial notes that Prime Minister Murayama said at the summit with President Clinton: "Japan will play a significant financial role in providing assistance to North Korea," which the editorial singles out as the "most dissatisfying" statement. Calling Murayama's statement a Japanese commitment to a considerable amount of money, the editorial calls it "ridiculous" and faults Murayama for making the commitment while "totally defying the cautiousness of the people at home about Japan's financial assistance to North Korea."

After briefly discussing the establishment of the Korea Energy Development Organization (KEDO), the editorial turns to the U.S.-DPRK agreement reached in Geneva last October, claiming: "In the agreement, the United States committed the funds necessary to build light-water reactors while deferring the inspections of two undeclared nuclear facilities in Yongbyon for five years."

The editorial notes that "if North Korea is to build the light-water reactors after clearing up its suspected nuclear development through IAEA inspections, Japan would be willing to provide full assistance to North Korea's construction of light-water reactors." The editorial says: "We cannot understand the agreement under which nations concerned, including Japan, shoulder huge amounts of the $4 billion."

Asserting that "a new change is taking place in which North Korea is increasingly posing the biggest threat to Japan after the disappearance of the 'common threat' of the Soviet Union to Japan and the United States," the editorial cites DPRK development of missiles that can reach Japan as the biggest threat and blames U.S. and Japanese leaders for "taking an overly optimistic view of that point." The editorial also claims that the "United States probably feels no threat from North Korea because the latter does not have intercontinental ballistic missiles that can reach the United States." The editorial expresses the hope that the "top leader of the United States will have a full understanding of the 'new change' that is taking place in the post-Cold War era if he is to place importance on Japan-U.S. allied relations."

The editorial notes growing demands among the Republicans on Capital Hill for a review of the U.S.-DPRK agreement and then calls Murayama's "commitment" a "rash act."

On page 3 of its 13 January morning issue, SANKEI SHIMBUN carries a 1,050-word article by Washington correspondent Keiichiro Nakashizuka.

The article, entitled "President Clinton Upstaged the Summit," begins by noting that the "prime minister tried hard to get rid of the impression that his government's foundation was shaky because of the on-going feud within the Social Democratic Party of Japan [SDPJ] and to become an architecture for rebuilding Japan-U.S. cooperation, but President Clinton got what he sought at the summit."

After briefly describing a joint news conference held by the President and prime minister at the White House, the article notes the President's statement at the news conference: "I would like to applaud Japan's commitment to assistance in North Korea's construction of the light-water reactors" and that it was possible that "Japan's financial commitment will blunt Republican Party moves to scuttle the agreement by denying funds necessary to carry it out." The article notes that "President Clinton scored political points."

Noting that, at the summit, the President pressed the prime minister to reduce Japan's current account surplus by saying, "Japan's current account surplus is running too high," the article says the "President had to seek concrete results from the summit because of his shaky administration." The article quotes a source accompanying the prime minister as saying: "The U.S. strategy aimed at pressuring the prime minister into making a firm commitment to assisting North Korea's construction of light-water reactors paid off."

Discussing the different perceptions of Japan and the United States regarding the 50th anniversary of the end of World War II, the article quotes a high-ranking Japanese Government official: "Japan was a defeated nation; at the summit, it remained tight-lipped about the anniversary despite President Clinton's comment."

The article says: "Although, on the government's exclusive plane en route to Washington on 10 January, the prime minister stated his resolve to keep his government as is until at least November, it cannot be denied that his Washington visit was aimed at bolstering his government's foundation, which was being shaken by New Democratic League moves to break away from the SDPJ."

The article quotes the prime minister as saying: "I and the President talked forthrightly and deepened each other's understanding." A source accompanying the prime minister was quoted as saying: "The prime minister's Washington visit was neither a success nor a failure." The article concludes that "his Washington visit did nothing to consolidate his government's foundation."

On page 6 of its 16 January morning issue, TOKYO SHIMBUN carries a 950-word editorial entitled "The Summit Indicates That Japan and the United States Are in a Transitional Period."

The editorial begins by noting that "the 11 January Japan-U.S. summit made us actually feel that both Japan and the United States are still in a transitional period following the end of the Cold War" and urges the two countries to "take ample time off to explore ways to build a new stable framework for their bilateral relations."

After noting the major topics President Clinton and Prime Minister Murayama discussed at the summit, the editorial says that "the President, who impatiently demanded cuts in Japan's trade surplus with the United States in the past, admitted at a joint news conference that time is needed to cut Japan's trade surplus."

The editorial claims that the "situation in bilateral relations between the two countries has changed in less than one year," citing positive aspects of the relations, such as a series of agreements reached at the Japan-U.S. economic framework talks.

The editorial notes that "Japan's diplomatic authorities have aimed to put on a normal track Japan-U.S. relations, which have been marred by frequent frictions." Noting that "while the prime minister used the fine rhetoric of 'creative partnership,' no signs were seen that the two leaders exchanged views on the different perception between the two countries and the summit went according to conventional scenarios." The editorial states that the "leaders of the two nations were affected largely by political realities at their homes."

Turning to the Japanese political situation, the editorial notes the maneuvering within the SDPJ to form a new party and says the "Murayama government will face a danger of falling from power depending on future developments."

The editorial says that while the "Murayama government's fate is like a candle flickering in the wind, Clinton's fever for 'changes' he advocated two years ago has already faded."

Stressing that "with the passage of half a century after the end of the World War II, the two countries' politics are in an uncertain transitional period," the editorial foresees no major changes in this situation and asserts that "Japan and the United States have no choice but to take ample time to explore ways to build a stable framework for bilateral relations."

On page 3 of its 13 January morning issue, TOKYO SHIMBUN carries an 1,800-word article by Hiroshi Sekiguchi, reporter at the TOKYO SHIMBUN General Bureau in the United States, entitled "The U.S. Government Eyes Asia."

Claiming that "expectations for the latest Japan-U.S. summit opening new prospects in Japan-U.S. relations were virtually betrayed," the editorial points out that the "summit failed to establish a new blueprint for building a new Japan-U.S. relationship on the basis of the history of the post-war 50 years."

After discussing past Japan-U.S. summits, the editorial turns to the U.S. political situation and declares that "the key players in Washington politics are Senate majority leader Dole and new House Speaker Gingrich of the Republican Party, with President Clinton on the defensive."

The article quotes Vice President Gore as saying at the summit: "Even if the Republicans control Congress, there will be no change in U.S. foreign policy. With regard to Japan-U.S. relations, we are exchanging views with the Republicans and dealing with the relations in a bipartisan way" and notes that such a "statement was not heard from the vice president when Congress was under the thumb of the Democratic Party."

After lengthily discussing past summits between successive American presidents and Japanese prime ministers, the article says: "Although Japan-U.S. relations have been described by such expressions as equal partner, responsible partner, and global partner, they have been alternately marked by 'confrontation' and 'cooperation'."

The article says: "The prime minister has stated his intention to blow new winds into Japan-U.S. relations before departing for the United States for the summit, but his proposed creative partnership was a setback in the roles played by both Japan and the Untied States in the international community compared to the global partnership that the United States has advocated."

Noting the "United States had apprehensions about Prime Minister Murayama who is from the SDPJ, which the U.S. news media alleged was sympathetic to North Korea, and insisted on abrogating the Japan-U.S. Security Treaty," the article says, "U.S. apprehensions have faded after the prime minister made clear his position of approving the Japan-U.S. Security Treaty and the Self-Defense Forces."

The article notes that "President Clinton showed no aggressive attitude toward developing Japan-U.S. relations because of the after effects of the recent midterm elections."

Discussing the Clinton administration's Asia policy, the article stresses that "the Clinton administration aims to by-pass Japan, with which the United States has frequently had economic frictions, to move into the Asian market, including China" and predicts that "this move will inevitably affect the Clinton administration's Japan policy."

The article emphasizes that "in this year, which marks the 50th anniversary of the end of World War II, both Japan and the United States need to think composedly of their relations with their respective histories in mind."

The article also emphasizes that "if Prime Minister Murayama and President Clinton are to stress the significance of the 50th anniversary of the end of World War II, they will have to take ample time to think of its significance."

On page 2 of its 16 January issue, MAINICHI SHIMBUN carries an 850-word article by Yoshinobu Otahara, reporter from the Political News Department.

The article, entitled "The Prime Minister's Visit to the United States," begins by describing the U.S. news media's responses to the prime minister's visit for a summit with President Clinton.

The article says: "There were no serious issues pending between the two countries, for the solution of which the two countries' leaders needed to make decisions at the summit." The article also says: "During the era when the Liberal Democratic Party was in power shoring up a single-party government, a prime minister's visit to Washington was a big event. In a bid to make his summit with the American President a success, the prime minister secretly sent pro- U.S. lawmakers and civilians to the United States to do spadework [nemawashi] on Capital Hill."

The article goes on to say: "During the Cold War era, keeping Japan-U.S. relations on an even keel and following U.S. foreign policy with the passwords 'Japan-U.S. axis' were the key tasks for a Japanese prime minister to stay in power. Any rift between Japan and the United States shook a Japanese Government's foundation and had a direct impact on Japanese politics. A politician in charge of the government was not allowed to fail in Japan-U.S. relations."

After briefly discussing past Japan-U.S. summits, the article notes that "Japan-U.S. relations have greatly changed following the remarkable growth in Japan's economic power and the end of the Cold War."

The article stresses the importance of talks between U.S. and Japanese leaders by saying: "Although I do not deny the importance of Japan-U.S. relations, they are far from reaching relations between the United States and European nations, in which leaders of those nations hold telephone talks. It goes without saying that leaders of Japan and the United States, which account for one-third of the world's gross national product (GNP), should meet to discuss bilateral issues and forthrightly exchange views on the world situation and on ways to shape a new order in the post-Cold War world, even if there are no issues pending between the two countries."

Discussing last October's summit between former Prime Minister Hosokawa and President Clinton, the article notes the breakdown of the Japan-U.S. economic framework talks at the summit and indicates that "Japan-U.S. relations deteriorated to their worst after the summit." The article berates former Prime Minister Hosokawa for describing Japan-U.S. relations as an "adult relationship" at a joint news conference.

The article says: "In the past, many Japanese prime ministers looked strained shortly before entering the White House, but they looked self-assured shortly after coming out," adding Prime Minister Murayama was no exception.

Murayama, Ministers Deliver Policy Speeches

'Text' of Murayama's Speech

OW2001055395 Tokyo KYODO in English 0536 GMT 20 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO—The following is a full text of the policy speech delivered by Prime Minister Tomiichi Murayama at the Diet on Friday [20 January].

At the opening of this 132nd session of the Diet, I would like first to pay my profound condolences to the many people who perished in the southern Hyogo earthquake that devastated so much of the Kansai region as well as to their families and to express my sincere sympathies to the many who were injured and made homeless by this earthquake.

Along with dispatching the competent ministers to the disaster area and working to ascertain the facts of the situation, I am taking the lead in having my administration work closely with the local governments concerned and having the police, Fire-Defense authorities, Self-Defense Forces, Maritime Safety Agency, and other organizations send as many people as they can to help, and all of the administrative organization are making a maximum effort for relief and recovery.

I myself visited the area yesterday and saw for myself the imagination-defying devastation wreaked by the first large earthquake to directly strike a major urban center. It left me speechless. Painfully aware of the suffering and sorrow that the victims of this disaster feel, I am determined anew to do everything within my power to ease their anxiety.

While alert to the danger of continuing aftershocks, we are making every effort to find and rescue those who are still missing.

Along with providing emergency medical care to the injured and others in need, it is essential that we ensure adequate food, water, blankets, and other supplies, provide housing by opening public housing and building temporary housidg facilities, construct bathing facilities, restore electricity, gas, water, telephone, and other vital utilities, and secure roads, railways, ports, and other means of transport and logistic facilities so as to alleviate as soon as possible the plight of those who have been displaced by the earthquake and forced to live as anxious refugees in the bitter cold with not enough to eat.

In addition, we are moving to provide financing for the rebuilding of homes, to facilitate the withdrawal of savings, and to extend other personalized policy measures as well as to extend special disaster-relief financing and other measures to help small and medium enterprises get back on their feet so that the disaster victims' lives can return to normal and the economy can recover as soon as possible.

It is intolerable that these emergency reconstruction and rehabilitation measures should be delayed by financial and systemic constraints, and we will waste no time in taking every necessary fiscal and financial measure, including fiscal policy disbursements and consideration of a special supplemental budget, to support those local governments intent on rebuilding.

Given the lessons of the widespread destruction and heavy deaths caused by this earthquake directly under a major city and the fact that there have been a number of serious earthquakes centering on northern Japan last year and this and that the Mt. Unzen volcano is still active, it is imperative that we rethink and restructure our disaster-relief policies for the whole of Japan. I am determined to do everything possible to develop comprehensive disaster-relief measures, including scientifically studying and analyzing those roads, buildings, and other structures that suffered unexpected damage, developing earthquake-resilient buildings and transport systems, reexamining the national and local governments' responses to a major disaster of this type, and working on researching and developing the technology and strengthening the systems that will enable us to predict and forecast such disasters.

That said, I would like to take this opportunity to express my own sincere appreciation for the vast outpouring of sympathy and support that has been received from throughout Japan and around the globe for the disaster victims.

Introduction

This year, Heisei [year of the emperor's reign] 7 or 1995, is a milestone year marking the 50th anniversary of the war's end. Looking back over the last 50 years and ahead to the next 50, I am determined anew to contribute to world peace and prosperity and to work to make Japan a country promising peace of mind and comfort for all of the people. Thus my hope at the beginning of the year is to make this year a year of transition between the past half-century and the next half-century.

Japan's postwar period started with each and every Japanese vowing that we must never again engage in that kind of war. Indeed, it is only because our predecessors concentrated their minds and bent all of their energies to maintaining the peace and improving Japanese living standards throughout the long years of recovery, the rapid-growth era, and all of the changes that followed that we have been able to arise from the ashes of war to record the largest per-capita GDP in the world. Profoundly appreciative of these efforts and once more keenly conscious of the blessings of peace, I firmly believe that it is imperative Japan strive for the next 50 years as well to be a nation of peace.

As we begin the 50th anniversary of the war's end, the international order based upon the stand-off between the two superpowers of East and West is a thing of the past and there are structural changes here in Japan that signal a sea change in the whole of society. It is essential that we thoughtfully review the political, economic, and social systems that have endured the long postwar decades and embark upon a new path for the future.

Ever since this administration's launch last June, I have devoted my every effort to the difficult issues before us, including instituting political reform, effecting tax reform, taking an active part in the shift to a new world trade organization, advancing the framework talks with the United States, and resolving such remaining issues arising from the war as the drafting and passage of a Hibakusha relief law, and I believe this administration has made major progress on all of these issues. Yet it is axiomatic that we must respond courageously to the needs of the times and effect further reforms if we are to achieve the kind of caring government that I advocate. Reform should thus be seen as the labor pains of giving birth to a new society. Working domestically through determined reforms to create a free and lively socioeconomy, an intellectual tradition worthy of future generations, and a society in which the people can enjoy peace of mind and comfort, and working internationally to contribute commensurate with Japan's standing for the creation of world peace: these are the four pillars of the kind of caring government that I seek.

I will make every effort on administrative reform and the other issues before us, and I intend, making the quantum leap from reform to creation, to tackle head-on the job of creating a creative, caring country that will push back our frontiers.

Administrative Reform

The situation in Japan and elsewhere has undergone radical transformations with the maturation of the Japanese economy, the rapid aging of the population, the diversification of values, and the international upheavals, and the administrative systems that once sustained Japan's postwar development today engender distortions making it impossible to respond to society's needs by simply following the old ways. If we are to achieve government capable of responding flexibly to the changes in the 21st century, it is essential that we fundamentally review the bureaucracy's impact on private-sector activity, the relations between the central government and local governments, and other issues. Indeed, government has a responsibility to the future to make these and other efforts to place the priority on the individual's welfare and to attain a freer society in which creativity abounds.

To sum up the thrust reform in a single phrase, it is a shift from the public to the private sector, from the national to the local. In the relationship between the public and the private sectors this means deregulation, in the relationship between the national and the local it means decentralization, and from the standpoint of ensuring popular trust it means promoting freer access to government information and reforming the administrative structures and their supporting special public corporations for a streamlined administration that is able to respond efficiently to the public's trust.

A commission on administrative reform was recently impanelled to monitor the progress in administrative reform as well as, inter alia, to study the legal and other systems for providing freer access to government information, and I intend to promote administrative reform taking this commission's opinions as the views and voice of the people.

In addition, it is essential that we seek to regain popular trust in politics by achieving policy-driven politics and eliminating corruption in keeping with the thrust of the new electoral system, in part to create a better delineation of roles between politicians and bureaucrats and so that politics can exercise more forceful leadership in promoting reform.

In keeping with Japanese and other requests on deregulation, we will draw up and begin to implement a five-year deregulation action program by the end of this fiscal year. In so doing, our review will be premised upon the principle that economic regulations should be eliminated in principle with only exceptional areas regulated and social regulations should be eliminated in principle with only exceptional areas regulated, and social regulations should be kept to the necessary minimum consistent with their original purposes.

Seeking to enhance local autonomy and functioning so that local government can develop distinctive administrations consistent with local conditions is the basis of democratic government. Under the basic principle that administration should be handled as much as possible by the local government closest to the people it serves, we must fundamentally review the division of labor between the national and local governments and, hoping that the local governments will undertake self-reform, delegate authority, eliminate or alleviate government intervention, and enhance local government tax revenues. In keeping with the outline of decentralization adopted late last year, I intend to submit legislation to this session of the Diet setting forth the basic principles for promoting the decentralization of authority, establishing a council to promote decentralization, and more.

This year marks the 110th anniversary of the establishment of the cabinet system in Japan. This government intends to continue to work on reviewing the administrative structure, strengthening the cabinet functions, and promoting personnel exchanges among the various ministries and agencies.

Along with looking anew whether there are not some special public corporations that are unable to meet their responsibilities given the changing circumstances, we are determined to conduct a review of all special public corporations by the fiscal year's end and to exercise political leadership in promoting their streamlining and relationalization, including their abolition and consolidation, so as to downsize the administration and to respond to the needs of the times.

Given the democratic fundamental that the government must provide full explanations to the sovereign people and seek to win their trust, the issue of enhancing access to government information is one requiring urgent attention. Thus I expect to receive recommendations from the commission on administrative reform within the next two years on legal and other provisions for the greater disclosure of government information. At the same time, I will work in a planned way to bring the rapid advances in information technology to government administration and to make greater use of information systems for more efficient, more effective administration.

Administrative reform is one of this cabinet's most important issues, and I intend to work courageously and unrelentingly for substantive reform so that we have reform not just in words but in fact.

Fiscal and Tax Reform

Japan's fiscal situation is structurally increasingly harsh, as shown by the facts that the value of public bonds outstanding topped 200 trillion yen at the end of last year and is still growing and that debt service now accounts for about 20 percent of total expenditures and is crimping policy spending. Thus we will move forward even more forcefully with fiscal reform, including a fundamental review of all expenditures probing the very reasons underlying our systems and policy measures, to enable fiscal policy to respond appropriately to the new needs of the times and to foster the creation of a rich and vital socio-economy.

While tax reform legislation was enacted last year with a view to creating a vital welfare society, I intend, along with promoting administrative and fiscal reform at the national and local levels and engaging in even more ambitious study of the future of social security in line with the provision in this legislation or reviewing the consumption tax rate and the local consumption tax rate, to work untiringly for a better tax structure.

For the Creation of a Free and Lively Socio-economy

Promoting Reform of the Economic Structure

The Japanese economy continues to grow brighter and to mark a gradual recovery. Yet the unemployment picture is still grim and capital investment is sluggish overall. Thus I will continue, while watching exchange rates and other economic trends in Japan and overseas, to work for flexible economic management so as to consolidate the budding economic recovery.

A confident response to structural change is essential if we are to have a robust outlook for our economic future. Faith in growth is weakening and there is a spreading sense of uncertainty about our economic future given the changing climate including fiercer international competition and concern about industrial hollowing out and any resultant unemployment at a time when the yen's rapid appreciation, the disparity between Japanese and overseas prices, and other factors have made Japan a high-cost economy. Yet at the same time, this is becoming a borderless era and Japanese business has expanded to serve the entire world. Given this situation, it is essential that Japan effect structural reforms so as to create a free and flexible economy replete with vitality and creativity enabling to prosper along with the rest of the world.

Specifically, this means first reducing and rectifying the disparity between Japanese and overseas prices. This disparity is an impediment to better living and erodes Japanese industry's competitiveness. I intend to make an active effort in this area by providing information and otherwise encouraging a change in business and consumer perceptions, relaxing government regulations and strictly enforcing the antimonopoly law, and pushing to rectify anti-competitive business practices.

Also in this connection, we will study each public levy carefully and will work to ensure fuller disclosure of the relevant information so as to avoid easy resort to rate hikes.

Next are efforts to facilitate industrial restructuring. Along with vigorously supporting efforts by companies working to use their resources most effectively in their current lines, we will also engage in a wide range of policy measures responsive to structural unemployment so that shifts in the labor market do not need to mean unemployment.

It being unclear what industry or industries will power the Japanese economy into the future, it is also important that we nourish those new industries that open new economic vistas. Along with making an effort to promote, for example, a better climate for the procurement of capital, we will work to promote research and development, as well as commercialization, by small and medium enterprises and start-ups so that these companies can take full advantage of their entrepreneurial spirit to restructure despite the yen's appreciation and other factors.

It was from this perspective that the industrial conversion and employment promotion headquarters was established within the cabinet late last year and that the entire cabinet is working together to promote the economy's restructuring.

Farming and Farm Policy

In addition to their important mission in providing the stable supply of food so vital to Japanese life, agriculture, forestry, and fisheries also play many important roles such as preserving the environment and the land. Likewise, rural villages foster local culture and provide the kind of relaxed and comfortable spaces whose praises are sung in the popular "Furusato" [home town]. While the implementation of the Uruguay Round agreement on agriculture has created a new situation for Japanese agriculture, we will, along with working to minimize the impact of this change, promote comprehensive policies to contribute to positioning Japanese agriculture and farmlands for greater self-reliance and development in the 21st century, including fostering efficient and stable farm management, improving the agricultural production infrastructures, and revitalizing rural areas. Likewise with forestry and fisheries, I will work for the conservation and improvement of those forests that are the very basis of our water and greenery and might be said to epitomize Japan's beauty, and I will also endeavor to promote fisheries compatible with the ocean's bounty and to revitalize fishing villages.

For the Creation of an Intellectual Tradition Worthy of Future Generations

Promoting Science and Technology and the Greater Use of Information

Not being blessed with mineral resources, Japan must enhance its human and intellectual resources—its primary resources—and bequeath this heritage to future generations to create a richly creative society for the 21st century. An infinite intellectual resource, science and technology is the key to creating our future and to building a dynamic socio-economy of the mind. Along with enhancing education and research at universities and research laboratories and strengthening cooperation among industry, academia, and government, I will exert every effort to invigorate Japanese research and development and to make Japan a country founded on creative technology by, for example, working to enhance and strengthen creative basic research, advancing research and development both in areas closely related to the people's lives and in leading-edge fields, and promoting international cooperative research so as to halt the drift away from people [as received] science and technology among our young people, to foster and hold talented people, and to improve the climate for researchers.

It is important that Japan make a determined effort to promote the greater use of information, contributing as this does to greater productivity, market creation, and quality of life enhancement. Along with working comprehensively on a systemic review for upgrading our communications networks, I will work vigorously for the installation of an optical fiber network as with the use of a new system of low-cost financing, improvements in common ducts and other technologies, the development of information technologies, and more so as to promote greater use of information in industry as well as at schools, hospitals, libraries, public offices, and throughout Japanese life. As well as drawing up a basic policy encompassing all of these measures, we will also respond actively to international developments in information technology such as the global information infrastructure, including taking part in next month's G-7 [Group of Seven] ministerial meeting on information technology.

Reforming Education and Promoting Culture

The quality of its people can make or break a nation, and education to foster creative and caring individuals is thus the very basis of nation-building. If we are to alleviate the excessive competition sparked by the overreliance on percentile-based evaluations and to enable Japanese education to adapt to internationalization, the greater use of information, and the advances in science and technology, it is essential that we take this opportunity to review educational issues and to promote educational reforms that will lead to more attractive, caring education.

There has recently been serious concern with bullying in the schools. This is an issue that pains my heart. A society may be judged by how it treats its children. This is an issue not just for educators but for the whole of society, and it is essential that home, school, and community work together so that children can know that people care and can care for others in return. I assure you the government is also making a concerted effort in this area.

I believe that Japan must strive to become a truly cultural nation in which people can be spiritually fulfilled and can lead civilized lives through the active creation and communication of culture. Thus it is that I will work to promote creative arts, local culture, and even sports.

International exchanges and cooperation in the fields of education, academia, culture, and sports are extremely important in transcending national borders and creating a climate of friendship and mutual understanding and respect for diversity. Accordingly, I will promote the 100,000 exchange student invitation project and advance youth invitational programs, co-research projects and researcher exchanges, and the restoration and preservation of overseas cultural treasures as part of the peace, friendship, and exchange [words indistinct].

For the Creation of a Society in Which the People Can Enjoy Peace of Mind and Comfort

Strengthening the Social Security System and Employment Policies

Just as there is sunshine in everyone's life, so are there times of hardship; just as there are those who are blessed with good health, so are there people who are ill or infirm. The core concept in caring government is to create a society in which all people, regardless of their standing or situation, can support each other and can enjoy fair and rewarding lives with their human rights respected. Even today, the move to create caring communities is underway as with the efforts by local governments to mandate that public and other facilities be accessible to the elderly and the disabled. I intend to make every efforts to lead this effort by giving concrete form to this idea of caring in all of my policies.

Along with promoting the new gold plan to sharply raise the targets for medical care for the elderly and otherwise enhance the basic policy framework for health care, the greatest cause of concern for the elderly, I am also considering the adoption of a new system of public care so as to create a society in which people can grow old without undue anxiety.

Similarly, I intend to address the issue of today's smaller families by promoting comprehensive child-support policies so as to create a climate in which families can have and raise healthy children for the future.

Likewise, I will develop a wide and comprehensive range of policies, including enhancing welfare measures and promoting disabled employment, in line with the basic law for the disabled and the new long-term program for government measures for disabled persons for greater independence and social participation by the disabled.

Health is the most important ingredient in leading a full and rich life. Thus along with working to long-term stabilize medical insurance and to improve the medical system such as by ensuring there are sufficient numbers of nurses and other medical personnel, I will also promote the new comprehensive ten-year strategy for cancer control and other policies to deal with illness. AIDS in particular is an issue of concern worldwide, and along with promoting greater international cooperation, I will make a vigorous effort to enhance the provision of treatment and to educate the people about this disease.

With the concerns expressed about society's overall enervation, it is essential that we enable old people and women - who have been somewhat limited in their opportunities thus far - to give greater expression to their expertise and energy. Thus I will work to create a wide diversity of employment opportunities for the elderly, including promoting continuing employment, so as to create a society by the beginning of the 21st century in which people can work until the age of 65. Along with working to have post-natal leave more widely accepted, I will also work to enable to reconcile the needs of the workplace and home more easily, including efforts to legislate a system of leaves for care-providers. In addition, I will also work to ensure greater equality of opportunity and otherwise to further improve the climate in which women exercise their talents.

Creating a Society of Gender Equality

Creating a society of gender equality in which men and women take an equal part not just in employment but in all facets of society is essential to enhancing Japanese society's creativity and vitality for the future. For this administration's part, we are making every effort to reach the goal of having women account for at least 15 percent of the members of governmental consultative bodies by the end of this year and are otherwise working to promote general equality throughout the society. Not coincidentally, the fourth world conference on women is scheduled to be held later this year in Beijing, and I intend to strongly support the activities of women working for world peace and development. Structuring harmony between people and the environment

Global in scale and affecting the future as well as the present, today's environmental issues are common to all of humankind. It is essential that we review our socioeconomic activities and our lifestyles so as to preserve the beautiful bounty of nature that we have inherited. I will thus make every effort to devise comprehensive policy measures to create better human interaction with the environment in line with the basic environmental plan drawn up recently with the long-term objectives of developing a recycling economy that does not overburden the environment, promoting harmony between nature and society, and advancing popular movements and international efforts to protect the environment.

Along with promoting the development of recycling technology, I will also seek the cooperation of local communities, businesses, and consumers alike in studying systems for promoting recycling and responding appropriately from the perspective of cutting down on the amount of waste that we generate and making more effective use of resources. Likewise, it is essential that we promote clean energy policies with the development and utilization of new energy resources.

Enhancing The Social Infrastructure for Balanced National Development and Improved Standards of Living

At the same time as we strive to preserve the environment, it is also essential that we work actively for environmental improvements to enhance the quality of japanese life. If we are to achieve richer living with the advent of the aged society it is imperative that we develop [words indistinct] mindful of international developments, work to achieve balanced national development that draws on local features. Along with improving the housing situation and community facilities so as to alleviate the commuter congestion in the major cities and to promote urban residence, encouraging the transfer of urban and industrial functions to outlying areas and the creation of vital communities there, and promoting the improvement of mainline transportation networks, I will also make an active effort to develop and modernize Hokkaido and Okinawa. In all of this, I will work for the steadfast improvement of Japan's social infrastructure in line with the basic plan for public investment as revised last year.

Ensuring Safety in Everyday Life

Ensuring everyday safety is an essential prerequisite to achieving worry-free government. While the product liability law will go into effect this July, I will work to establish comprehensive policies for consumer safety and relief so as to enhance consumer interest as regards product safety.

There has recently been a spate of violent shootings and ugly drug-related crimes targeting ordinary people. Believing as I do that civil safety is one of the most important features of Japanese society and something we can be proud of, I will join with all of the people in continuing to make every effort to preserve this tradition of safe streets.

It is essential that we integrate the many related policies and work to solve our problems in an orderly way if we are to achieve the three policy objectives of creating a free and lively socio-economy, developing an intellectual tradition worthy of future generations, and forging a society in which the people can enjoy peace of mind and comfort. Thus the government will move vigorously to draw up a new economic plan and a comprehensive national development plan setting forth the directions for creating new socio-economic structures and a better land for the 21st century and will work for their creative implementation.

Contributing commensurate with Japan's standing for the creation of world peace.

Peace Diplomacy Marking the 50th Anniversary of the War's End

With this historic 50th anniversary of the war's end, I would like to emphasize once again that Japanese foreign policy is founded upon our resolve not to forget our remorse at the past and to do what we can for the creation of world peace. The peace that Japan seeks is not a peace imposed by the use of force but is world peace and prosperity achieved with the wisdom gained from painful experience, world-class technology, and economic cooperation. In a way, this is a process of spreading what I have called caring government to the whole of the international community.

Along with firmly maintaining its three nonnuclear principles, Japan will work to prevent the proliferation of nuclear and other weapons of mass destruction and missile systems and to deter the transfer of conventional weapons. The resolution on nuclear disarmament with a view to the ultimate elimination of nuclear weapons that Japan proposed to the United Nations General Assembly last year was adopted by an overwhelming majority, and I intend to continue to have Japan work actively, as the only country to have been the subject of nuclear attack, for the indefinite extension of the nuclear Nonproliferation Treaty, the early conclusion of a comprehensive nuclear test ban treaty, and other advances toward disarmament and the ultimate elimination of nuclear weapons.

Just as Japan advocates disarmament for the world, it is only natural that we should ourselves be restrained in our own actions. I would like to reiterate for Japan and all the world that, continuing to respect constitutional principles and to world [word as received] to enhance confidence-building with our neighbors, Japan will make efforts to maintain the minimum necessary capability for its own defense in light of the international situation.

On the remaining issues arising from the war, I am profoundly aware that the war exacted great sacriffices and left scars on the Japanese people and people of neighboring Asian countries and elsewhere, and, as I said in my statement last August, the government intends to make a good-faith effort on the peace, friendship, and exchange initiative and specific remaining issues arising from the war. I am confident that dealing with these issues conscientiously both is a way for we Japanese ourselves to come to terms with the war and will result in enhanced trust between Japan and the neighboring countries of Asia and elsewhere.

This is a commemorative year for the United Nations, marking as it does the 50th anniversary of its establishment. It is essential that we take this historic opportunity to strengthen the functions of the United Nations for, inter alia, maintaining world peace and security as well as addressing such global issues as the environment, poverty, and refugees and to accelerate UN reform. Japan will take an active part in the discussions on the reform of the United Nations, including the restructuring of the Security Council.

Even though the Cold War is over, there are still numerous unresolved issues and destabilizing factors throughout the world. The Self-Defense Forces' activities in the Mozambique peace-keeping operation and humanitarian assistance for Rwandan refugees have been widely recognized as significant contributions. Japan intends to continue to actively contribute personnel and other resources to United Nations peacekeeping and other efforts in tandem with its diplomatic efforts, its humanitarian assistance, and its reconstruction assistance which helps prevent or settle regional conflicts.

For Further Development in the Asia-Pacific Region

With the dynamic economic development and other advances in the Asia-Pacific region, a shared awareness is emerging on the need to further intensify the interdependence among the countries of the region. Japan is thus working through the political and security dialogue in the ASEAN regional forum and other forums and the economic consultations in APEC and other bodies to strengthen cooperation so as to achieve peace and prosperity in the region and hence the whole world.

Japan will host the APEC meetings in Osaka this year. Fully aware that growth in this region is closely linked to Japan's own prosperity, I intend to do what I can to promote the liberalization of trade and investment and such cooperation as to strengthen the region's development infrastructure in a manner harmonious with regional development.

With regard to the situation on the Korean peninsula, I hope the agreed framework between the United States and North Korea last October will provide new momentum for the relaxation of tensions there, although the situation there still bears watching. The important thing now is that North Korea acting good faith [words as received] in keeping with the terms of the agreement to dispel the international community's concerns about the issue of its nuclear weapons development. Maintaining close coordination with the Republic of Korea, the United States, and the other countries concerned, Japan intends to make the maximum possible contribution for peace and stability on the Korean peninsula.

I also intend to work to strengthen our future-oriented relations with the Republic of Korea on the basis of friendship and cooperation.

We want to work for the further development of our relations with China and to continue to cooperate with China in its efforts to firmly advance reform and openness. At the same time, we will take an active part with China in dealing with the problems facing the international community.

Building Bilateral Relations of Trust and Cooperation

As President Clinton and I agreed in our bilateral summit meeting at the beginning of this 50th anniversary of the end of World War II, Japan and the United States have, in the 50 years since the war, developed our relationship to the point where our two countries now share responsibility for world peace and prosperity. In this summit meeting, we fully discussed the future of Japan-U.S. cooperation and agreed on further enhancing our mutual cooperation for the future on a wide range of areas, including the security dialogue, cooperation for APEC's success, the resolution of global issues, and support for women in development. At the same time, we affirmed anew that we will firmly maintain those Japan-U.S. security arrangements that provide the political foundations for this cooperative relationship. In this connection, I fully intend to continue to make more efforts, with the United States' cooperation, to solve the issues relating to military bases in Okinawa. The cooperative relationship between Japan and the U.S. is extremely important not only for our two countries but for the entire international community, and I intend to strive to strengthen this relationship still further.

While there is a tendency to focus on the economic friction in the Japan-U.S. relationship, it should be noted once more that, given our very close economic relations, it is in both countries' interests to manage this relationship smoothly. Building upon the success of this summit meeting, we will continue to work actively on the framework talks that have made major progress over the last year.

In Europe, steady progress is evident toward the enlargement of the European Union (EU). It is very important that Japan strengthen its relations with Europe as the EU moves to achieve tighter integration and a greater voice in international affairs. With the EU having recently taken a constructive stance emphasizing dialogue and cooperation with Japan, I will continue to work to build cooperative Japan-EU relations in politics, economics, and a host of other fields.

While it is necessary to monitor the tumultuous situation in Russia closely, it continues to be imperative that we develop balanced Japan-Russia relations in both the political and the economic spheres. It is especially regrettable that the issue of the Northern Territories, an issue of primary importance between our two countries, remains unsolved even today. Thus I intend to make further efforts to resolve this issue and to fully normalize relations between our two countries through promoting political dialogue and other means based upon the Tokyo Declaration.

In the Middle East, I will support the peace process by holding political dialogue with the leaders of the parties concerned, participating in the multilateral negotiations, and extending assistance to the Palestinians and Israel's neighbors with a view to furthering the progress made in last year's substantial achievements for peace.

Japan's Contribution To Enable the Whole World To Live Together in Harmony and Prosperity

National and regional economies are today increasingly interdependent and borderless, and it is impossible for states to achieve mutual prosperity through confrontation. Under the circumstances, Japan will make an effort to bring its economy into harmony with international norms through deregulation and enhanced market access. In the same vein, the establishment of the World Trade Organization [WTO] this January 1 creates a central organization for world-wide trade liberalization. By liberalizing trade and strengthening trade rules, the WTO will yield major benefits for the world economy. As one of the countries that has benefited most from free trade, Japan will contribute to the further strengthening of the multilateral free-trading system by, inter alia, playing an active role in the WTO.

There are still many nations and peoples around the world unable to extract themselves from poverty and stagnation. Actively supporting these counties' economic development is an area to which Japan, as a nation of peace and as a nation seeking to create a caring international society, should devote the utmost effort. In order to contribute commensurate with its standing, Japan thus intends to support impoverished developing countries and counties in transition in line with the official development assistance charter reconciling developmental and environmental concerns and mindful of the role of non-governmental organizations. At the same time, I will continue to draw upon Japanese expertise and technology in making an active effort to create should international recognition and frameworks on such global issues as the environment and population questions.

Conclusion

Just as this year is the 50th anniversary of the war's end, so are we a mere five years away from the start of a new millennium. Indeed, it is no exaggeration to say that what we do in the remaining years of this century will determine whether or not the 21st century is a century of hope for all humankind.

In this run-up to the 21st century, it is imperative that government seriously discuss what needs to be done for our children and other progeny, that we identify wise policy answers, and that we move forward courageously to implement them. It is with this firmly in mind that I intend to make every effort in open and transparent policy debate for the creation of a creative, caring society.

In this, I ask for the understanding and cooperation of the people and my fellow Diet members.

Foreign Minister Kono's Speech

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[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO—The following is a full text of policy speech delivered by Foreign Minister Yohei Kono at the Diet on Friday [20 January].

At the start of this 132nd session of the national Diet, before setting forth my views on Japan's basic foreign policy, I would like to offer my sincere condolences to the victims of the southern Hyogo earthquake, which occurred on 17 January, and to the bereaved families they have left behind. My deepest and most heartfelt sympathies go out to those who have been injured and those whose lives and property have been damaged by the catastrophe. I would also like to take this opportunity to pass on to the people of Japan the sympathies and offers of support and assistance which have been conveyed to us by many other countries around the world, and to express my sincerest gratitude to those countries who have been so gracious with their offers.

The International Situation and the Role of Japan

The international community has been untiring in its efforts to secure true peace and prosperity in the post-Cold War era. However, as many issues remain to be solved both in the political and economic sectors, this aim is difficult to achieve. Needless to say, the goal of the foreign policy of a country is to work steadily for the interests of its people, based on a firm understanding of the realities of the international political situation; yet during this time of deepening interdependence among countries, it has become more and more clear that Japan's security and prosperity can only be achieved as part of the peace and prosperity of the entire international community. Recognizing this, I am determined to make every effort to ensure that Japan's foreign policy plays a creative role in global peace and prosperity.

This year marks the 50th anniversary of the end of World War II. On this anniversary year I reaffirm my belief that Japan, in accordance with the principles enshrined in the Japanese constitution, namely respect for basic human rights, democracy and peace, must strive to realize those principles in the international community as well and work to build a better future for all humankind.

Major Policy Issues

Now I would like to speak on the major policy issues Japan must address.

Peaceful Resolution of Regional Conflicts

First of all, the response given to regional conflicts is an important issue facing the international community in the post-Cold War period. To resolve this issue, I believe that a comprehensive approach from every appropriate direction is important, including conflict prevention, political resolution, ceasefire and election monitoring, humanitarian assistance, and assistance for rehabilitation and reconstruction. Naturally, Japan will not resort to the use of force, prohibited by its constitution, but Japan intends, in light of specific individual circumstances, to take a positive approach towards conflict resolution in a manner that will allow it to make the most appropriate contributions.

With regard to last year's United Nations peace-keeping operations (PKO), Japan participated in operations in El Salvador and Mozambique; Japan will also cooperate positively in future United Nations peace-keeping operations, from the perspective of providing, respectively, personnel, material and financial contributions. With regard to assistance for Rwandan refugees, Japan dispatched approximately 400 Self-Defence Force units and other personnel to implement its first large-scale humanitarian international relief operations, and they fulfilled their mission and returned to Japan safely. I would like to commend them for their excellent work. The Government of Japan intends to continue to cooperate with the international community to its utmost ability, as it reinforces links with non-governmental organizations (NGOs) and other private-sector assistance activities, with a view to accomplishing such tasks as establishing an environment for Rwanda refugee assistance and repatriation, and for stabilization of the situation within Rwanda. Furthermore, in addition to steps to resolve the conflict in the former Yugoslavia, such as taking measures to provide humanitarian assistance and exercising preventive diplomacy in the southern part of the Balkan peninsula, Japan will take steps to promote peace in the Middle East by strengthening political dialogue, by participating in multilateral negotiations and by providing assistance to the Palestinians and to the countries surrounding Israel. In the future Japan intends to cooperate even further in these ways in order to resolve regional conflicts peacefully.

Further Efforts To Promote Disarmament and Non-Proliferation

Second, Japan will work actively on the issues of arms control and disarmament, including efforts on such matters as the nonproliferation of weapons of mass destruction. Last year saw some advances in such matters as the conclusion of the agreed framework between the United States and North Korea regarding the issue of nuclear weapons development in North Korea, as well as Ukraine's accession to the nuclear Nonproliferation Treaty and the consequent coming into effect of the first Strategic Arms Reduction Treaty (START I); and yet there remains a grave danger of proliferation of nuclear weapons. In the midst of these developments, Japan as the only country to have suffered nuclear devastation, will not only firmly maintain its three non-nuclear principles, but will also continue its efforts towards the ultimate elimination of nuclear weapons. As one aspect of the efforts Japan is undertaking in this regard, last year Japan submitted to the United Nations General Assembly a resolution on nuclear disarmament with a view to the ultimate elimination of nuclear weapons, which was adopted by an overwhelming majority. Japan intends to take a positive approach to achieve the early conclusion of negotiations on a comprehensive nuclear test ban treaty, as well as the indefinite extension of the nuclear Nonproliferation Treaty. Furthermore, it is important to prevent the proliferation of other weapons of mass destruction and missiles, and that the sale of arms be limited, in light of the fact that many conflicts are becoming increasingly serious because of the stockpiling of large amounts of conventional weapons. Japan will make efforts in this regard.

With respect to the issue of nuclear weapons development in North Korea, it is important that the agreed framework between the United States and North Korea be reliably implemented, and that the concerns of the international community over nuclear weapons development in North Korea be dispelled. Towards this end, Japan will continue to make its utmost efforts in close cooperation with the United States, the Republic of Korea and other countries concerned.

Securing the Prosperity of the World Economy

Third, Japan must play a significant role in securing the prosperity of the world economy. The economies of the industrialized countries are, in general, experiencing recovery and expansion, but they still face serious difficulties, such as unemployment. Because of these circumstances, and with a view to ensuring the sustainable growth to the world economy, Japan needs to strive for domestic demand-led economic management, to further improve access to its markets and to alleviate differentials between domestic and overseas prices through domestic economic reforms including the implementation of comprehensive deregulation, in order to achieve a significant reduction in its current account surplus over the medium term.

The World Trade Organization (WTO) was established on 1 January 1995. Under the WTO, in addition to a substantial tariff reduction, rules in such areas as trade in services, trade-related aspects of intellectual property rights, and dispute settlement procedures will be newly established or strengthened. These developments are of great significance for maintaining and enhancing the multilateral free-trading system; and here I would like once again to express my gratitude for the cooperation of all those who participated in more than seven years of negotiations on the Uruguay Round, including agricultural issues, and in subsequent domestic procedures. While playing an active role in the WTO, Japan will seriously engage itself in post-Uruguay Round issues, such as investment liberalization, trade and environment, thereby contributing to a further strengthening of the multilateral free-trading system.

Cooperation With Developing Countries and Former Socialist Countries

The fourth issue to be addressed by Japan is the promotion of economic and social development and ensuring respect for human rights and democracy in the world. Many of the countries in the Asia-Pacific region, Africa, the Middle East, Central and South America, the former Soviet Union, and central and eastern Europe are now confronted with a variety of issues as they go through the process of democratization and economic development; Japan intends to support the measures these countries take to eliminate the root causes of social instability and conflict, and to assist in the establishment of democratic systems. With regard to the implementation of development assistance, we will, in accordance with principles set out in the official development assistance charter, take into consideration such factors as trends in military expenditures and the extent of progress towards democratization and the transition to a market economy in recipient countries, and will steadfastly implement the fifth medium-term target for official development assistance. Furthermore, we will also enhance coordination with NGOs and expand assistance for women in development. Moreover, in order to incorporate these countries into the process of international coordination, Japan will take an approach which will promote trade and investment and foster policy dialogue.

Solving Global Issues

Fifth, we must take steps to resolve global issues such as environment, population, AIDS and narcotics. Japan possesses abundant experience and advanced technologies for dealing with many of these areas, and intends to display initiative in the international community through contributions to the formation of an international framework and through official development assistance. As one part of these efforts, in September 1994, I attended the international conference on population and development, where I announced international cooperation measures under our "global issues initiative" to tackle population problems and AIDS.

Promotion of International Coordination

Now that relations of interdependence among countries have deepened to an extent never seen before, enhancing international coordination is indispensable for tackling the problems I have just mentioned. For this purpose, Japan needs to promote, on a mutually complementary basis, global cooperation in such fora as the United Nations and the G-7 [Group of Seven], and regional cooperation within the Asia Pacific region.

The United Nations

The United Nations is expected to play a crucial role in promoting peace and prosperity in the post-Cold War world. During this year, which marks the 50th anniversary of the founding of the United Nations, it is important that further advances be made to reform the United Nations to adapt to the new era. Last year at the United Nations General Assembly I stated that, in keeping with Japan's basic philosophy regarding international contributions, Japan was prepared, with the endorsement of many countries, to discharge its responsibilities as a permanent member of the Security Council. The Government of Japan, with the increased understanding of the Japanese people, will continue to work for further progress in reforming the Security Council. Japan will also cooperate positively to ensure the success of this year's World Summit for Social Development and the Fourth World Conference on Women.

The Asia-Pacific Region

In the Asia-Pacific region, too, Japan intends to further assure the concrete cooperative measures it is taking both in the economic field and in the political and security field.

Worthy of particular mention is the APEC economic leaders' meeting held in November 1994, at which opinions were exchanged frankly over a broad perspective of issues regarding future development of the Asia-Pacific region: This signified one large step in fleshing out cooperation in facilitation and liberalization of trade and investment and in cooperation for regional development. This year, Japan, as the chair country of APEC, will hold the economic leaders' meeting and ministerial meeting: And Japan will fulfill its responsibilities in this regard, as a means to further promote regional cooperation.

During 1994, the first ASEAN Regional Forum (ARF) was held, providing the first occasion for regionwide security dialogue in the Asia-Pacific region. Japan intends to participate actively in this forum in the future, as a way to promote concrete cooperation with a view to increasing mutual security assurances among all countries of the region.

Firm Japan-U.S. relations, with the Japan-U.S. security arrangements as their political foundation, are of extreme importance in order to promote regional cooperation in the Asia-Pacific region. At the recent visit to the United States by Prime Minister Tomiichi Murayama, Japan and the United States agreed to advance cooperation on a range of issues, which I believe will make the relationship even more solid. It was once again recognized that the Japan-U.S. security arrangements not only served to ensure Japan's security, but were also essential for the stability of the Asia-Pacific region. Japan will therefore firmly maintain the Japan-U.S. security arrangements and promote dialogue on security issues, and will strive to operate the security arrangements smoothly and effectively, including host nation support for the U.S. Forces stationed in Japan. Furthermore, it is indisputably important to smoothly develop the broad-based, close economic relations between Japan and the United States. With regard to the Japan-U.S. framework talks, we intend to continue making positive efforts, building on the achievements reached last year. Of particular note are the concrete achievements attained through the common agenda for cooperation in global perspective, which is being pursued within the framework, and Japan intends to make further progress in this regard. Throughout this year, the 50th anniversary of the end of World War II, I intend to further strengthen the Japan-U.S. partnership as a future-oriented and forward-looking relationship by steadily bringing to fruition the aspects of Japan- U.S. cooperation mentioned above.

The development of friendly, cooperative relations with the Republic of Korea is one of the important pillars of Japan's foreign policy. I intend to continue striving to make the Japan-ROK relationship a stable, future-oriented one while bearing in mind the lessons taught by history, and I will make constant efforts to strengthen our cooperative relationship in coping with international issues as well.

Further development of the good and stable Japan-China relationship is extremely important not only for both countries but for the peace and prosperity of the Asia-Pacific region and of the entire world. Japan will continue to cooperate with China in its effort to firmly advance reform and openness policies: And at the same time, we will strengthen cooperation between Japan and China in dealing with problems faced by the international community, and further develop the Japan-China relationship into a mature and future-oriented one.

In this way, as the cooperative relationships with the countries of the Asia-Pacific region are strengthened, it is important to normalize the abnormal relations remaining in this region.

It goes without saying that the reduction of tensions on the Korean peninsula and south-north dialogue should be promoted. I believe that greater efforts should be taken to improve Japan-North Korea relations, which should go hand in hand with progress in south-north relations and in relations between the United States and North Korea. Here I would like to call once more for a resumption of the Japan-North Korea normalization talks, and to express the hope that North Korea will respond in a forward-looking manner.

While there is growing breadth in relations between Japan and the Russian Federation, an extremely unnatural situation continues, in which the territorial issue has still not been resolved and in which a peace treaty has not been concluded. Complete normalization of Japan-Russia relations is important for the peace and security of the Asia-Pacific region: And Japan intends to make further efforts to achieve a balanced expansion of Japan-Russia relations as a whole based on the Tokyo Declaration. Further, Japan intends to strive to further promote mutual understanding between the two peoples, through such measures as mutual visits without passport and visa by Japanese citizens and Russian inhabitants of the Northern Territories, towards a resolution of the territorial issue.

The situation in Chechnya, where many lives have been lost, is regrettable from a humanitarian viewpoint. Japan strongly hopes for a peaceful recovery of domestic order, and that reform in Russia will continue without faltering.

Relations Among Japan, the United States and Europe

Cooperation among Japan, the United States and the major countries of Europe, which possess great influence over overall world peace and prosperity, and who share the basic values of freedom and democracy and together account for about 70 percent of the world's GNP, is becoming increasingly important in solving international issues. Japan will continue its efforts to enhance policy coordination with the United States and Europe in such fora as the G-7.

In this regard, with the progress of the widening and deepening of the integration within the European Union, Europe continues to be important in the international community: And Japan intends to continue efforts to build wide-ranging cooperative relations with Europe, which naturally encompass cooperation in the economic sector but which also include political dialogue.

Promoting Mutual Understanding

In the promotion of international coordination, the point of departure is to reinforce mutual understanding and relations of trust among countries. In particular, as this year marks the 50th anniversary of the end of the war, it is important for Japan to face squarely the history with the neighboring Asian countries and elsewhere, and then, looking ahead to the future, to promote mutual understanding and mutual trust with each of them. As a means to accomplish this end, in accordance with the basic policies announced in the 31 August 1994 statement by Prime Minister Murayama, the government will sincerely implement the "peace, friendship and exchange initiative" and other initiatives, including support for historical research.

I believe that relations of mutual trust are founded on understanding other cultures, respecting other histories and fostering heart-to-heart contacts with each other. In order to promote relations of mutual trust with other countries, we will further enhance public relations activities and enhance cultural exchange and cooperation in the field of science and technology.

Conclusion

As I have stated above, in the midst of this dramatically changing international situation, there is a growing need for Japan's foreign policy to be conducted aptly and flexibly. The Government of Japan strongly recognizes the importance of assuring the security of Japanese citizens abroad, and, taking into account the fact that recent partial revision of the Self-Defense Forces Law makes it possible to dispatch government aircraft for the rescue of Japanese nationals during emergency situations, we will continue to enhance the protection system for Japanese nationals and the crisis management capability of diplomatic missions abroad in the future. As I work to reinforce the foreign policy implementation structure, I will continue to strive to gain the greater understanding of the people of Japan, upon whose support this system is founded. In this, I ask for the further understanding and support of the members of the Diet and the people of Japan.

Takemura's Financial Policy Speech

OW2001102595 Tokyo NHK General Television Network in Japanese 0604 GMT 20 Jan 95

[Financial policy speech by Finance Minister Masayoshi Takemura to the National Diet—live]

[FBIS Translated Text] In connection with the Diet deliberations on the FY 95 budget, I would like to explain my basic thinking on financial and monetary policy, and the corresponding budgetary measures to be taken.

First, I would like to extend my deepest condolences for those who died during the recent southern Hyogo earthquake and their families, and to the other earthquake victims. After swiftly grasping the extent of the damage, we will do our best in fiscal and monetary means, including considering another supplementary budget.

In the 50 years since the end of the war, through the wisdom and efforts of each and every Japanese person in meeting various challenges, our country has achieved economic development to an extent unprecedented in the world. Currently, we have finally overcome the prolonged recession of the last few years brought about by the bursting of the bubble economy, and bright prospects are now opening up for Japan's economy. On the other hand, looking outside the country, there have been great changes in the situation around Japan with the world's increasing economic interdependence, the rapid economic growth in Asian countries, and the former planned economies participation in the world market. Amid these national and international situations, and looking ahead to prospects in the coming 21st century, domestically, we need to build a vital economic system where each citizen can truly feel the economic prosperity; and internationally, Japan needs to make appropriate contributions for the world economy's steady development.

First, I will discuss the recent economic situations in Japan and the world, which form the basis of fiscal and monetary policies. In Japan, public and housing investments, which have been the economic recovery's main driving force, continue to grow at a steady pace. In addition, thanks to the self-reliant recovery of civilian demand, including personal consumption and capital investments, the economy is heading toward steady growth led by domestic demand.

In the international economic situation, while there are regional divergencies, the world economy as a whole continues to grow. Except for depression in some former planned economies, the economies of the advanced countries are all in a state of growth; in developing countries, particularly Asian nations, the economy also continues to grow. I will take into consideration the recent economic situation in Japan and the world in my management of fiscal and monetary policies, and I intend to exert utmost efforts to deal with the following issues:

Our first task is to secure the steady growth of the Japanese economy—which is entering a growth phase—to be driven mainly by domestic demand. To build a prosperous and vital economic system in the 21st century, and to establish harmonious foreign economic relations, it is necessary to continue steady growth led by domestic demand.

As I said earlier, thanks partly to the effects of the economic packages and reforms so far, the Japanese economy is on its way to gradual recovery. In view of the national economy's growth phase, we have decided to continue to implement income tax reductions at a scale similar to that in FY 94, maintain steady promotion of public investment, and deal appropriately with such structural issues as industrial hollowing out to contribute to steady economic growth in the mid- and long-term in the formulation of the FY 95 budget, despite the worsening fiscal situation.

The recent tax reforms have also been implemented from the standpoint of realizing a vital welfare society. I firmly believe that this will contribute to the maintenance and promotion of the Japanese economic system's prosperity and vitality.

In terms of monetary policy, thanks partly to the effects of the lowering of the official discount rate on seven occasions, interest rates remain low. I would like to keep a close watch on the effects of low interest rates.

With regard to the foreign exchange rate, I believe this should reflect economic fundamentals and remain stable over time. We will continue to closely watch foreign exchange market trends, and take timely and appropriate measures to maintain the exchange rate's stability.

The second task is to continue vigorous implementation of fiscal reforms. The goal of fiscal reforms is to enable the fiscal structure to restore its adaptive capability to deal with the rapid aging of the population and the increase in Japan's future international responsibilities, to enable our country to deal flexibly with changes in the international situation, and to maintain and enhance our economic system's prosperity and vitality.

If rigidity in fiscal policies continues unchecked, this may become a major obstacle to Japan's economic development. Therefore, it is our basic task to build a fiscal structure that will not result in the accumulation of government debts. We must remind ourselves that the great responsibility being placed on us right now is not to leave behind heavy burdens to future generations and to pass on to them a healthy economic system.

The fiscal situation in Japan at the present does, however, face structural difficulties. The government had to issue public bonds to cover several pump-priming packages, and that rapidly worsened the balance of public debt. The balance exceeded 200 trillion yen by the end of last year, and spending on bond refunding is limiting the government's ability to cope with policy tasks. Japan's dependence on bond revenues and the size of bond refunding spending are at the worst levels among advanced countries. In addition, the fiscal 1993 closing accounts showed a third consecutive year in tax revenue decline, and this caused a revenue shortage for two straight years. The nation's tax revenue is suffering, and this is likely to continue for the time being.

We were barely able to compile the fiscal 1995 budget without issuing special bonds, which rapidly worsened the nation's fiscal conditions. In such very difficult conditions, however, the government had to increase the issue of construction bonds, without those issued for advanced redemption of non-interest-bearing loans from funds raised by selling NTT [Nippon Telegraph and Telephone Corp.] stocks. The government also had to take special makeshift measures, including postponement of repayment of account deficits incurred in the fiscal 1993 budget.

As a result, the balance of public debt is expected to reach approximately 212 trillion yen, and the government will have to pay for some these special policies adopted previously. I have to say Japan's fiscal situation is becoming more severe.

In addition to current problems, it is difficult to foresee a tax revenue upturn in the near future because Japan's economic growth is slow at the moment. I have to say that the structure of Japan's fiscal system has been weakened, and we should not leave it like this. I would like to call public attention to the worsening fiscal situation, and to try my best to take further fiscal reform measures.

Third, we have to construct well-balanced foreign economic relations, and contribute to the development of the world economy. Along with the expansion of international trade and investments, mutual economic dependence is being strengthened in the international community. In such circumstances, Japan has to devote itself to building well-balanced foreign economic relations, and to positively contributing to the development of the world economy. To achieve steady growth in the world economy without inflation, Japan will promote policy coordination with the international community through the Group-of-Seven talks among financial ministers and central bank governors, as well as the Asia-Pacific Economic Cooperation [APEC] ministerial conference.

We have recently reached a settlement in the Japan-U.S. framework talks on financial and service trade. We will sincerely carry out our pledges on the deregulation of restrictions on the financial and service industries.

The World Trade Organization was established on New Year's Day following the conclusion of the seven-year Uruguay Round talks. Under the umbrella of this new international mechanism, Japan will take positive roles in maintaining and reinforcing the multilateral free trade system. As far as tariff reduction efforts in fiscal 1995 are concerned, Japan plans to extend tax exemption for petroleum products, and to scrap tariffs on textile products used in automobiles. On economic aid policy, Japan will further promote its assistance programs to developing nations, and offer appropriate assistance to former planned economy nations in consultation with other advanced nations.

And fourth, we have to steadily promote liberalization of the financial market, and revitalize the securities market. To secure the future development of the Japanese economy, we must restore public confidence in the financial system, smooth the supply of funds needed for economic activities, and steadily promote liberalization and internationalization in the financial and capital market. From such viewpoints, financial management policy should give consideration to stabilization of the financial system and liquidation of bad credits held by financial institutes to smooth the money supply to the market.

The government is steadily promoting policies to liberalize the financial market. The interest rate liberalization was in October 1994 upon liberalization of interest on liquid deposits. As can be seen in the operations of newly founded subsidiaries of securities houses and trust banks, reform of the financial system is making progress.

On insurance system reform, we are preparing to submit the necessary bills during the Diet session, in line with an advisory report by the Insurance System Council in June 1994. The insurance reform package should liberalize and internationalize the Japanese insurance system to catch up with world trends. The package also aims to secure a sound insurance business and establish a modern insurance system for the 21st century.

To revitalize the securities market, the government has recently worked out measures to reform securities investment trusts to encourage individual investments in the securities market. To activate foreign stocks in the Japanese market, listing procedures and disclosure requirements have been relaxed for foreign stocks. Listing procedures will be also reviewed to accelerate fund-raising by high-technology venture companies. Requirements for the issue of corporation bonds will be drastically reviewed within this fiscal year.

Let me explain the details of the FY 1995 budget. In compiling the FY 1995 draft budget, we have thoroughly reviewed government spending in an attempt to avoid issuing special national bonds that may lead to further worsening financial conditions. At the same time, with limited financial resources, we have compiled the budget emphasizing certain areas to make the budget effective and have better quality. As I said earlier, since we have faced a very serious, abnormal financial condition in compiling the FY 1995 draft budget, we have made efforts to reduce overall expenditures. Given such a serious financial condition, we, for such purposes as establishing an affluent and vital economic society, have made efforts to secure revenues needed for implementing indispensable policies. In this way, we have compiled the budget under such a serious situation. On expenditures, we have done our utmost to reduce and rationalize spending by screening existing regulations and systems. As a result, we have set the government expenditure at Y [yen] 42.1417 trillion, 3.1 percent up from the previous fiscal year's original budget. As for decreasing the number of government workers, we will steadily implement the government's eighth plan for reducing the number while refraining from increasing the number so that the fixed number of government workers will be reduced by 2,085. On government subsidies, in terms of respecting local governments' efforts toward self-reliance and making effective use of revenues, we will positively promote streamlining and rationalizing the subsidy system. In light of the further worsening financial situation, the government will take emergency, exceptional measures, including suspending the transfer of the bond balance reaching Y3.2457 trillion to the debt consolidation fund special account and postponing the repayment of account deficits amounting to Y566.3 billion incurred in FY 1993. These measures will be proposed in a draft bill concerning the enactment of a law on special transfer of funds to the debt consolidation fund special account, together with a special measure to secure non-tax revenues. I will submit the bill to the Diet for discussion. Therefore, the general account budget for FY 1995 dropped to Y70.9871 trillion, 2.9 percent down from the initial budget of the previous fiscal year.

Next, I would like to explain revenues. As for the tax system, in terms of the passage of bills concerning tax reform and special tax cuts and of a recent change in social economy and a current serious financial condition, the government will drastically reform and rationalize the taxation system for fair and appropriate taxation. At the same time, the government will take other measures needed to be carried out immediately. The government will continue to make efforts to achieve an ideal tax system. From now on, the government will also make efforts to implement appropriate and fair taxation while seeking the people's trust and cooperation. As for non-tax revenues, the government, under the worsening financial conditions, will take measures, including a special measure enabling the transfer of funds from the foreign exchange funds special account and the compulsory automobile liability insurance special account to the general account. In this way, the government is making great efforts to increase revenues. To obtain financial sources for public works projects, the government plans to issue construction bonds amounting to Y9.7469 trillion. In addition, to make up for a drop in tax revenue for FY 1995 caused by tax cuts, the government plans to issue so-called Y2.8511 trillion-worth of special deficit-covering bonds. Therefore, the government plans to issue new and refunding public bonds worth Y37.9758 trillion during FY 1995.

We have thoroughly reviewed the details of the fiscal investment and loan program and have made effective budget allocations emphasizing the promotion of housing construction and activation of communities from the standpoint of meeting policy needs. As a result, this fiscal year's fiscal investment and loan program has reached Y40.2401 trillion, 2.1 percent up from the previous year. Including the funds management plan, the program's total budget has reached Y48.1901 trillion, 0.7 percent up from the initial program of the previous fiscal year.

Now I would like to touch on the budget's highlight. For public works projects, along with the basic public works project plan worked out last October and in view of steadily promoting a social infrastructure program in preparation for the forthcoming aging society, the government plans to maintain a higher growth rate of those budgets, with our nation's recovering economy in mind. Moreover, in allocating the budget, the government has paid great attention to certain areas that lead to improving the quality of people's living, including improvement of housing conditions, the sewage system, and environment conditions, while making drastic and effective budget allocations to meet future needs. In addition, the government plans to beef up housing measures, including the promotion of further loan applications by the Housing Loan Bank, supply of public condominiums, and the improvement of public housing facilities.

Policies concerning welfare expenditures include revision of the national and senior citizen health insurance systems and review of the public medical aid system. Moreover, the 10-year plan on medical services for senior citizens will be drastically reviewed to upgrade their medical care. Childcare facilities for infants will be enriched as an urgent task, and consideration is also given to the fights against cancer and AIDS.

To stabilize employment, comprehensive employment policies will be further promoted to catch up with structural changes in industries and to secure jobs for college graduates.

Education and science expenditures focus on improving the school environment, reforming the higher education system, and promoting cultural activities. Research and development programs will be enriched in various fields.

In view of smaller businesses facing difficulties, creative smaller businesses will have chances to obtain support for technological development and venture business. The programs' emphasis is put on some urgent fields.

The agriculture, forestry, and fisheries budget is focusing on creating effective and stable farming bodies with a sophisticated sense of management, in view of changes in circumstances for farmers, such as Japan's approval of the World Trade Organization and enactment of the so-called New Food Control Law. Necessary measures will be taken in such fields as programs to cover damages from the Uruguay Round agreement.

Foreign aid expenditures will give much consideration for aid programs' important role in appropriately leading aid-receiving nations' development policies as well as environmental concerns. Tangible measures for improving aid programs include closer communications with nongovernment organizations. The government will aim for well-considered and effective aid programs through such measures as training programs held in developing nations.

The defense budget will seek an effective and compact defense force in view of the post-Cold War international situation and Japan's worsened fiscal situation.

The energy development budget will steadily promote the nation's comprehensive energy development policies in consideration of the importance of environmental protection.

The growth of expenditures for local government bodies remained at a low level following the FY 1994 budget, but necessary measures will be taken not to cause difficulties in sound management of local-level policies. The government will cover local government bodies' revenue shortages caused by the reduction of income and resident taxes. Tax allocation funds to local governments will be secured from loans from tax allocation accounts, issuance of tax reduction-covering public bonds, additions from the general account, and loans from the special account. I would like to ask local governments to further rationalize their expenditures in view of the government's financial difficulties.

I would also like to add a few comments on the FY 1994 supplementary budget. In view of recent revenue trends, the supplementary general-account budget for FY 1994 expects a reduction of tax and stump revenues, but non-tax revenues will increase slightly. In expenditures, the supplementary budget includes such urgent expenses as disaster relief programs, the Uruguay Round- related farm subsidies, and personnel expenses. Therefore, the total size of the supplementary general-account budget for FY 1994 reaches 72.4812 trillion yen, down 673.5 billion yen from the initial budget.

This has been my explanation of the government policies for the initial FY 1995 budget and the FY 1994 supplementary budget. I would like to obtain the Diet members' understanding of the significance of these budgets under the present situation Japan faces, and to have early passage of the concerned bills.

We are entering the 21st century in less than six years, and at this moment, our duties are to construct harmonized prosperity in and out of the nation, and to pass it on to our children. However, the goal would not be achieved easily. The Japanese economy is facing many structural problems coming from changes in the foreign and domestic situations, such as the aging society and accelerated international division of labor. We cannot overcome these problems with conventional ideas and behavior. To construct a vivid economy in preparation for the 21st century, it is necessary to revitalize Japan's inborn economic power by promoting free economic activities under a simple and effective administrative mechanism. To achieve the objective, administrative, fiscal, and economic reform should be carried out in a determined manner. It will be a difficult and painful process, but I believe we can reach the horizon if all individuals are involved in the process in a positive manner. I would like to ask the public's understanding and cooperation.

Komura Pledges Stable Economic Management

OW2001085495 Tokyo KYODO in English 0715 GMT 20 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO—The Economic Planning Agency (EPA) will work hard to steer the Japanese economy toward stable growth, with special attention to effects of the powerful earthquake which hit western Japan on Tuesday, EPA chief said in a Diet session Friday [20 January].

Masahiko Komura, director general of the EPA, made the pledge in his speech at the opening day of a 150-day regular Diet session.

Komura said the Japanese economy is now gradually recovering from the latest three-year recession, although adjustments are still continuing in the field of corporate capital investment and the employment situation remains difficult.

The nation's current account surplus is also shrinking, he added.

It is crucial at this point not only to ensure recovery, but also to create a new economic society, Komura stated.

The earthquake that hit Japan's industrial heartland of Kansai area on Tuesday turned out to be the worst urban disaster in Japan in the past 70 years.

It will have considerable effects on the still fragile economy of the nation, Komura said.

But the EPA will do its utmost to grasp the extent of the disaster and examine what effects it will have on the economy, he added.

The EPA will shortly map out a new medium-term economic plan taking latest factors into consideration. These include the high value of the yen on foreign exchanges and lingering effects from the collapse of the "bubble" economy, he added.

As for problems Japan should cope with, Komura cited price gaps between domestic and overseas markets, increasing necessity of maintaining economic strength in the rapidly graying society, stabilizing employment and prices, as well as early clearance of bad loans in the financial sector.

On relations with the global economy, he noted that Japan will continue making efforts to contribute to world economic growth in the framework of the World Trade Organization.

Komura said the government projects a real economic growth of 2.8 percent in fiscal 1995, starting from April 1, over the current fiscal 1994, to which real growth is expected to be 1.7 percent.

Implementing the planned five-year deregulation programs and 630- trillion yen public works projects, the economy will be steered toward a society where "stable life with hope is available," he added.

Special Minister for Relief Operations Appointed

OW2001032595 Tokyo KYODO in English 0308 GMT 20 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO—Prime Minister Tomiichi Murayama on Friday [20 January] appointed Sadatoshi Ozato, director general of the ?okkaido and Okinawa Development Agencies, as a special minister for relief operations following Tuesday's earthquake in Kobe and surrounding areas.

Murayama gave responsibility for the two agencies to National Land Agency Director General Kiyoshi Ozawa, government officials said.

More than 4,000 people died in the earthquake and large swathes of the affected area have been burned or reduced to rubble.

The government also designated Tuesday's quake as a "severe disaster," a move which will allow authorities to plan recovery operations using low interest loans.

It will give public and small and medium business finance corporations and other financial institutions access to low interest government funds for quake victims to rebuild.

Corporations receiving loans from government financial institutions will be able to postpone repayment as well as increase the amount of money they borrow.

Murayama Admits 'Confusion' in Crisis Management

OW2001111795 Tokyo KYODO in English 1056 GMT 20 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO—Prime Minister Tomiichi Murayama said Friday [20 January] there was some "confusion" in his coalition government's crisis management following Tuesday's devastating earthquake in western Japan.

In response to a question at the House of Representatives about whether any mistake was made in the crisis management, Murayama said his government had aimed to do its best.

There may have been some confusion, however, because it was the first such experience for his five-month-old government and the quake occurred in the early morning, he said.

While Murayama said his government will review its crisis management system in an effort to improve it, some legislators cried out that his government lacks the ability to handle crises.

The premier also said his government will draw up a supplementary budget to deal with the quake.

The 150-day ordinary Diet session convened Friday mainly to discuss the fiscal 1995 budget, but it held prior emergency debate on the disaster.

At the beginning of the morning session, both houses of the Diet offered a moment of silent prayer for the victims.

At the lower house, speaker Takako Doi said, "we sincerely express condolences to the victims and their bereaved families." Then lawmakers stood up and silently prayed for two minutes.

It was the first time the lower house offered such a prayer since the end of World War II, the lower house secretariat said. The House of Councillors prayed in 1966 for victims of an airplane accident.

Environment Agency chief Sohei Miyashita told a press conference that the government may have better dealt with the situation in other ways.

Miyashita said the government should have a system to immediately transmit information and implement measures.

A cabinet meeting held hours after the quake failed to comprehend its gravity, Miyashita said. Cabinet ministers had not expected the death toll to reach more than 4,000, he said.

Foreign Minister Yohei Kono released a statement Friday to thank other countries for support and condolences.

"These goodwill gestures are encouraging for the many Japanese people who are suffering from the disaster," the statement said.

Also on Friday, Murayama inducted Sadatoshi Ozato, head of the Hokkaido and Okinawa Development Agencies, as minister extraordinary in charge of quake relief. Ozato was to fly to the stricken areas later for inspections.

Chief Cabinet Secretary Kozo Igarashi said in a news conference that Ozato will head the government headquarters to deal with emergency measures and restoration of the quake-hit region.

The cabinet also decided Friday to promote restoration by providing low-interest loans, the government spokesman said.

Quake Should Not Deter Deregulation Program

OW2001030895 Tokyo KYODO in English 0251 GMT 20 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO—Finance Minister Masayoshi Takemura said Friday [20 January] some legislative steps will be unavoidable for emergency measures and restoration in the aftermath of Tuesday's earthquake in western Japan.

Takemura made the comments at a news conference after a cabinet meeting, reiterating that the government will take all possible means promptly, including extra budgeting.

"We are recognizing that the ordinary supplementary budget and initial budget plan for fiscal 1995 will not be enough," Takemura said.

Takemura also said countermeasures should be immediately taken one by one for areas or problems once the situations come to light.

"It is wrong to wait until the entire damage assessment is completed," he said.

Asked about the possibility of delay due to the quake in ongoing administrative reform work, Takemura said the government should maintain its schedule to complete a deregulation program and review government-affiliated special corporations by the end of March.

Asked about the impact on financial markets of construction bonds to be issued to finance earthquake countermeasures, Takemura said he thought a considerable amount of such bonds would be needed but he could not yet venture any opinion about the impact.

Takemura said the government has no plan at present to ease regulations for flexible issuing of deficit-covering bonds as an exceptional step, indicating that urgent fiscal measures for quake damages will be covered by construction bonds.

Tax Cuts, Loans Announced for Earthquake Victims

OW2001033695 Tokyo KYODO in English 1440 GMT 19 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO—Special income and inheritance tax measures will be taken for sufferers of the earthquake that hit western Japan early Tuesday [17 January], Finance Ministry officials said Thursday.

Financial institutions, such as major life insurance companies, trust banks and regional banks, also said special low-interest livelihood, housing and operating fund loans will be extended to such victims.

According to a Finance Ministry survey, a total of about 210 head and branch offices of major commercial, long-term credit, trust and regional banks in Hyogo and Osaka Prefectures were closed also on Thursday.

The closed offices account for about a third of the total number of such offices in the two prefectures.

Under the disaster relief measures law, relief tax measures will be applied to those whose net income—earnings minus expenses—is 6 million yen or lower and who have half or more of their houses damaged in the quake.

Quake victims, whose net income is 3 million yen or below, will be fully exempt from personal income tax.

Those whose net income is in the 3.01 million to 4.5 million yen range, will have half their income tax cut, and those whose net income is in the 4.51 million to 6 million yen range will have their income tax reduced by a quarter.

Under the income tax law, individual taxpayers are allowed to deduct their disaster losses from their earnings. Quake victims are free to choose either method.

In the case of quake sufferers who have already submitted inheritance tax reports to the authorities, the assessed value of their fixed assets will be reduced by the equivalent of their house damage.

Sufferers will be granted a delay of less than two months starting from the end of the quake in submitting inheritance tax reports, and a delay of less than a year in paying the tax.

Five major life insurance companies, including Nippon Life Insurance Co., decided to give policyholding quake sufferers 3 percent interest emergency loans of up to 1 million yen.

Three of the five concerns, including Dai-Ichi Mutual Life Insurance Co., will extend additional reduced-interest housing loans to quake sufferers who already borrow housing funds from them.

Four regional banks, including Fukutoku Bank, will extend special low-interest home repair and operating fund loans to quake victims, both individual and business.

Three trust banks—Mitsui, Yasuda and Toyo—decided to give special low-interest housing and other loans to quake sufferers.

Nonlife insurance companies decided Thursday to sell quake policies any time to existing fire policyholders, effective immediately, in view of an increasing number of fire policyholders wishing to buy quake policies.

So far, quake policies have been sold only in cases where fire insurance contracts are entered into.

Major commercial banks, including Sakura, Daiwa and Sanwa, decided to open for business on Saturday and Sunday this week for quake sufferers.

Hyogo Bank, based in Hyogo Prefecture which was hardest hit by the quake, said its on-line banking system network, suspended since Tuesday, resumed operation, enabling depositors to withdraw or deposit money using the automatic teller machine (ATM).

Meanwhile, the Ministry of International Trade and Industry (MITI) decided to allow deferral of gas and electric power charge payment for quake victims as part of relief measures.

Hashimoto: Quake May Affect Economic Growth Target

OW2001035695 Tokyo KYODO in English 0326 GMT 20 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO—The government's 2.8 percent economic growth target for fiscal 1995 may lose its meaning due to the heavy economic and industrial damage caused by Tuesday's [17 January] major earthquake in western Japan, International Trade and Industry Minister Ryutaro Hashimoto said Friday.

"The quake's (economic) impact on the future is very serious," Hashimoto told a news conference after the day's cabinet meeting, which officially endorsed a set of economic projections for the year from April, including one for 2.8 percent growth in real gross domestic product (GDP).

The government's economic projections were compiled in December last year.

"My question is whether or not projections made before the earthquake are really useful," Hashimoto said.

"Our attention is focusing on the hardest-hit Kobe area but significantly serious economic effects are already emerging in its environs such as in Osaka," he said.

While endorsing the fiscal 1995 economic projections, cabinet members inserted the proviso that the projected figures are subject to variation due to the latest earthquake.

The original text only said the figures could change under the effects of an unforeseeable international situation.

Concerning measures to salvage quake-hit companies, Hashimoto proposed additional financial incentives by government-sponsored banks such as Japan Development Bank.

In addition to low interest-rate loans under the emergency disaster relief system, more financial relief steps may be necessary for small companies located in the quake-hit areas, Hashimoto said.

He did not, however, elaborate on specifics of the proposals.

Areas eligible for steps under the disaster relief system need to be judged "extremely damaged."

Companies in those areas can be allowed an interest of 4.75 percent on loans of up to 10 million yen from Japan Finance Corp. for small business, for example. The rate is lower than the normal 4.9 percent.

The government is expected to officially designate Kobe and its neighbors as extremely damaged areas within Friday.

Concerning the quake's impact on Japan-U.S. trade talks, Hashimoto said a change in schedule is unlikely and he hopes one does not happen.

He was commenting on a report that a senior U.S. official is proposing postponement of coming negotiations, such as auto trade talks, set for next Thursday, if Tokyo agrees.

However, Hashimoto said Japan should do its best in trade talks with Washington within the set time frame.

Observers Discuss Quake's Economic Fallout

OW1901133795 Tokyo KYODO in English 1118 GMT 19 Jan 95

["News Focus" by William Mallard and Mutsuo Fukushima "Five Trillion Yen Quake Damage Seen, Long-Term Impact Unclear"]

[FBIS Transcribed Text] Tokyo, Jan. 19 KYODO—This week's earthquake apparently caused trillions of yen in damage to western Japan and the immediate impact on the nation's economy will be severe, while the longer-term impact remains unclear, analysts said Thursday [19 January].

Hazarding early guesses on the economic fallout from Tuesday's devastating quake, economists at domestic institutions stressed the catastrophic effects on the industrial and commercial centers of Kobe and Osaka and the paralysis inflicted on nationwide transport through the region.

Damage estimates ran from 0.6 percent to 1.6 percent of gross national product, but analysts at foreign-based securities firms, in particular, noted the longer-term economic stimulus as immediate needs are met and the massive rebuilding of businesses and homes gets under way.

Among the damage estimates were 3-4 trillion yen forecast by the LTCB Research Institute, 5 trillion yen seen by the Yamaichi Research Institute of Securities and Economics, and 4.5-6 trillion yen estimated by J.P. Morgan Securities Asia Ltd. and a 4-8 trillion yen range form Nomura Research Institute.

Nobuyuki Saji, senior economist at Nikko Research Center, told KYODO NEWS SERVICE that damage will likely hit 5.5 trillion yen. He based his figures on comparisons with the earthquake that hit Los Angeles exactly a year before this week's quake slammed Hyogo Prefecture.

The destruction of 10,000 buildings in California caused damage equaling 1.5 trillion yen, said Saji, whose think tank is affiliated with Nikko Securities Co. He based his estimate for the damage from the Kobe disaster on official reports that 2.2 times as many structures were destroyed there and assuming construction costs of 65 percent more than in America.

The 5.5 trillion yen estimate, Saji added, is likely to be low, as the Kobe quake hit an area much more densely packed with manufacturers and other businesses than in the sprawl of Los Angeles, meaning an economic impact in Japan "larger, far beyond comparison" to the California quake.

The quake's impact, said Tatsuro Uchino, an economics professor at Sophia University, will depress gross domestic product (GDP) by 0.2 percentage point. Saying the official government forecast of 2.8 percent GDP growth for fiscal 1995 is too optimistic, Uchino predicted the year's growth of an even 2 percent "is impossible."

Even if the recovery from the Hyogo quake is twice as fast as that from the great Kanto earthquake that leveled vast areas of Tokyo in 1923, reconstruction will take four years, he said.

But brokerage house J.P. Morgan said that despite the immediate damage, rebuilding helped by an expected extra supplementary budget from the national government should bring the overall effect to a 1.5 percentage point boost "over the period of reconstruction" to Japan's economy. Seeing a short-term hit to the economy but a longer-term gain were such analysts as Mamoru Yamazaki, senior economist at CS First Boston (Japan) Ltd.

Although Hyogo Prefecture's economy, accounting for some 4 percent of Japan's GDP, will be brought to "near zero" for the time being, the stimulative boost from construction and government spending will overtake the negative effect later this year as "underlying demand is extremely strong," Yamazaki said.

The economic effect will be negative this year, roughly neutral for fiscal 1995 starting in April and positive on balance for fiscal 1996, he said.

Looking at the disaster from a long-term perspective, said an economist at another foreign-based brokerage, "our view is that it's not going to slow down the economy this year." Housing reconstruction should be in full swing toward the end of the year and consumption in the region will surge, the economist said.

Another foreign analyst said it is still too early to know the effects precisely. "It's hard to say how much extra demand will be generated from reconstruction and how much of a supply loss (from damaged production facilities) there will be," he said.

If people and businesses in the affected area are able to improvise new ways of doing things, making do temporarily with what is available, and if excess capacity elsewhere in the economy can take up the slack, "then the effect will be relatively short-term," this analyst said, also asking not to be named. "But we really don't know."

Domestic-based analysts, however, rejected such optimism as unrealistic.

They noted the affected area hosts a heavy concentration of manufacturing facilities of such big exporters as Matsushita Electric Industrial Co., Daihatsu Motor Co., and a huge supporting cast of small and midsize suppliers, all of which will take a pounding from breaks in the distribution web even if their factories are unscathed.

Sophia's Uchino also suggested that ties among "keiretsu" corporate groupings could undermine a smooth shift to suppliers in unaffected areas.

Nissan Motor Co., for example, cannot easily make up for lost production from Daihatsu or Toyota Motor Corp. because Toyota-linked parts makers are unlikely to break their ties to Toyota to supply its rivals, he said.

Another fear is the possibility of inflation and higher interest rates if the government floats a huge amount of bonds to rebuild shattered infrastructure and pay nonlife insurers that have reinsured their casualty risk with the government.

Assuming that, as in the California quake, one-fourth of the total damage affects highways, ports, bridges, public facilities and other forms of social infrastructure, the government will likely have to float 1.4 trillion yen in construction bonds in a supplementary budget, said Nikko Research's Saji.

A similar amount would have to be paid from an existing pool of money to nonlife insurers, he said, expressing concern that portfolio sales from the fund to finance such payouts could push prices down and yields up in the Japanese Government bond market, where much of that money is thought to be invested.

But Harumi Ichiki, a senior economist at Sumitomo-Life Research Institute, an arm of Sumitomo Life Insurance Co., predicted a limited effect on interest rates. Life insurers with a combined premium pool of 150 trillion yen would snatch up such bonds, expected to carry interest rates in the 4 percent range, he said.

"Even if the government issues additional bonds worth 2-3 trillion yen, we have the financial leeway to absorb them," Ichiki said.

An economist at a Japanese brokerage-linked think tank said the government must boost spending quickly to prevent the economy from reversing its fledgling recovery, despite expected resistance from the Finance Ministry in view of the roughly 200 trillion yen balance of outstanding government bonds.

In the end, quick leadership from Prime Minister Tomiichi Murayama is needed to prevail on the finance bureaucrats, Saji said. "The Finance Ministry budget drafters should stop grumbling that their tax revenues are tight and take fiscal countermeasures as quickly as possible."

Coalition To Propose Independent Reform Body

OW2001110195 Tokyo KYODO in English 1040 GMT 20 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 20 KYODO—The government should set up an organization independent of bureaucrats to oversee the streamlining of public corporations, ruling coalition officials said Friday [20 January].

The proposal for an independent body answering to the prime minister is included in a basic guideline of the coalition's administrative reform project team, obtained by KYODO NEWS SERVICE.

Such a body may be placed under the chief cabinet secretary to give it the clout to counter ministries fighting to save public corporations within their jurisdictions, the officials said.

The outline also calls for a review of the vast fiscal loan and investment program, the main source of funding for the corporations, which is separate from the national budget and often called the "second budget."

Scaling back public corporations, accused of being a haven for retired bureaucrats and a waste of public money, is the centerpiece of Prime Minister Tomiichi Murayama's administrative reform agenda.

The ministries themselves were originally asked to nominate organizations for liquidation, merger or privatization but they suggested none. Science and Technology Agency Chief Makiko Tanaka publicly rebuked a senior agency bureaucrat for telling her not to specify any corporations that should get the ax.

The coalition outline calls for strengthening the auditing of public corporations, making consolidated reports of corporation finances, as the current separate accounting by corporation affiliates is hard to follow, and making finance information public.

Among limits on the profusion of public corporation managers, the outline says they should be subject to the same laws that govern public servants and that curbs should be tightened on "amakudari," or "descent from heaven," of retired high-ranking bureaucrats into lucrative public corporation posts and on hefty retirement payments.

The outline also says government-affiliated financial institutions should be continually streamlined from the viewpoint that they are meant to supplement private institutions, and a headquarters should be established to review public corporation employment quotas every three years.

The coalition's project team, headed by Tsutomu Yamamoto of Murayama's Social Democratic Party [of Japan], will flesh out the outline for a general report by month's end and compile a specific corporation overhaul plan that the government is to take up early next month.

North Korea

ROK-DLP Conflict Characterized as 'Dog Fight'

SK2001044695 Pyongyang KCNA in English 0426 GMT 20 Jan 95

["NODONG SINMUN on Conflict in 'DLP' of S. Korea"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—NODONG SINMUN today views the fierce power struggle within the "Democratic Liberal Party [DLP]" of the traitor Kim Yong-sam as a dog fight in a house which is going down.

The news analyst says:

The conflict within the "DLP" was sparked by Choe Hyong-u, former "minister of home affairs and one of

Kim Yong-sam's confidential servants, in early December last year when he suggested the creation of "deputy presidency of the party." And it has become all the more acute since the traitor Kim Yong-sam issued an ultimatum to Kim Chong-pil on January 10 this year, urging him to recede from his post to the second line.

This shows that the rivalry, conflict and contrafiction in the ruling "party's" upper crust have been further aggravated and the "parth" is on the point of explosion.

These contradiction and conflict have existed since the merger of the "Democratic Justice Party," the "Democratic Party" and the "Republican Party," the analyst says, and continues:

The dog fight within the "DLP" is an inevitable thing that has been expected and a product of the failure of the anti-popular, anti-national policy and the crisis of the rule. It also means that the traitor Kim Yong-sam, who had cast his lot with Kim Chong-pil, has broken faith and has come to blows with him after all.

They, who had come under the same roof, befriending each other, are now at loggerheads. This is really a disgusting habit of political mountebanks trying to overpower others and grab more powers.

The day is not far off when the traitor Kim Yong-sam rejected by the people and his "DLP" ind puppet regime will fall down like the Songsu Grand Bridge on the Han River.

ROK's Plans for Nuclear Dump Site Denounced

CPRF Secretariat 'Information'

SK2001044495 Pyongyang KCNA in English 0418 GMT 20 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—The secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] issued information No. 672 January 19 denouncing the South Korean puppet clique for scheming to build a nuclear waste a dump on Kulop Islet and killing a guiltless person who protested against the project.

The information says:

Kim Kye-won, an old man in Tokjok-myon, Ongjin County, Kyonggi Province, South Korea, died upon returning home after clashing with police in a demonstration against the construction of the nuclear waste dump on the islet.

His death was not caused by any disease or accident, but by the truculent Kim Yong-sam group's fascist suppression.

It occurred because the traitor Kim Yong-sam issued a repressive order to "strongly counter an unlicenced demonstration" and mobilized police to crack down on the demonstration.

The fact clearly shows that the traitor Kim Yong-sam posing as a representative of "civil" regime is a heinous fascist murderer who surpasses the military fascist rulers of the "Fifth and Sixth Republics."

If the nation is to exist and the ecological environment of the country is to be protected, such fascist murderers and traitors as Kim Yong-sam must be removed decisively.

The South Korean people should rise more courageously in the struggle against the anti-popular, anti-national scheme of the Kim Yong-sam group to make the nation a victim to radioactivity.

Rally Held To Protest Waste Site

SK2001102895 Pyongyang KCNA in English 1008 GMT 20 Jan 95

["South Korean Puppet Clique's Scheme To Build Nuclear Waste Dump Denounced"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—Citizens of the port city of Haeju on the west coast of Korea denounced the scheme of the South Korean puppet clique to build a nuclear waste dump near the area of the North.

The South Korean puppet clique has chosen Kulop islet in Tokjok-Myon, Ongjin County, Kyonggi Province, for the site of the nuclear waste dump and is working to promote its construction.

People from all walks of life in Haeju, the capital of South Hwanghae Province, facing the islet held a rally on January 19 and scathingly denounced the South Korean puppet clique who are scheming to do harm to the people of the North by building a nuclear waste dump near the area of the North after a total failure in its vicious attempt to stifle the North over the fictitious "nuclear issue".

The speakers at the rally demanded that the Kim Yong-sam group withdraw at once its heinous criminal plan to build a nuclear waste dump in Kulop islet.

If the puppet clique dare perpetrate the anti-national act, ignoring our warnings, they will have to bear full responsibility for all the consequences arising therefrom, they warned.

They said the South Korean rulers must clearly know that they will not be allowed to pollute one inch of our land and one metre of our sea with nuclear waste and immediately give up their criminal scheme to build a nuclear waste dump on Kulop islet.

SKNDF Reportedly Holds Plenary Session in ROK

SK2001051795 Pyongyang KCNA in English 0433 GMT 20 Jan 95

["Plenary Session of Hanminjon Central Committee Held"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—A plenary session of the Central Committee of the South Korean National Democratic Front [SKNDF] (Hanminjon) was held in Seoul on Jan. 14, according to a communique of the Central Committee of Hanminjon.

The session discussed the orientation and tasks of the mass movement to make 1995 a year of opening a decisive phase of national reunification.

The participants in the session observed a moment's silence in memory of respected President Kim Il-song who had devoted tireless efforts all his life to the liberation of the country, the prosperity of the nation and national reunification.

The session put forward the important coordinates and orientation of the 1995 reunification movement of the South Korean people. Noting that the important coordinates of the 1995 reunification movement the South Korean people should reach is to confirm the way of reunification through confederacy on a nationwide scale, the session set forth the challenging tasks to this end.

It raised the overthrow of the Kim Yong-sam "regime" as the primary task in the struggle this year and stressed that the questions of having the "National Security Law" abolished, realizing the reconciliation and great unity of the whole nation and opposing outside interference in internal affairs and outside support to the dictatorship are the ones which should surely be solved in the struggle this year.

The secret of opening a decisive phase for national reunification this year lies in that all the political parties and groupings and people from all walks of life invigorate the reunification movement, firmly united under the banner of the three principles of national reunification and the 10-point programme of the great unity of the whole nation, the session said.

It deliberated and decided the proposal for the organisational and political activities of Hanminjon and "declaration on reunification and national salvation in 1995" and "fighting calls in 1995", the main documents of the Hanminjon Central Committee.

In the meantime, the Pyongyang mission of Hanminjon held a press conference on January 19 as regards the step taken by the Hanminjon Central Committee on the new year.

Human Rights of Foreigners in South Said Abused

SK2001103695 Pyongyang KCNA in English 1019 GMT 20 Jan 95

["Human Rights Abuses Disgracing the Nation"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—The South Korean puppets' human rights abuses against foreigners are the topic of a MINJU CHOSON commentary today.

Charging that the South Korean puppets have not paid Nepalese workers in South Korea for six months and, worse still, raped a female worker, the analyst says:

Such human rights abuses are a shame to the nation. It is not the first time that the South Korean puppets wantonly trampled down foreigners' human rights, inviting worldwide denunciation.

Nevertheless, such practice of theirs has not come to an end and it has become all the more outrageous and frequent.

South Korea is the worst graveyard of human rights in the world. In South Korea those calling for elementary democratic freedom and vital rights are brutally suppressed and those who venture protest fall a prey to evil laws including "the National Security Law." Foreigners are not safe in that worst graveyard of human rights in the world.

Facts show that "society of justice" advertised by the Kim Yong- sam group is something like pie in the sky and "cooperation" and "exchange" with developing nations are lies.

Sources Report U.S., ROK Military Exercises

SK2001043795 Pyongyang KCNA in English 0421 GMT 20 Jan 95

["Ceaseless War Exercises and Aerial Espionage Against North"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—The U.S. imperialist warmaniacs held a longtime air war exercise for a preemptive strike against the DPRK on January 17 in collusion with the South Korean puppets with the mobilization of hundreds of fighter planes in the skies above Kongju, Tanyang and Kunwi, South Korea, military sources said.

An overseas-based RC-135 strategic reconnaissance plane committed an electronic reconnaissance and photographing of the overall areas of the DPRK in the sky above the Military Demarcation Line.

A total of some 640 warplanes were involved in the air war exercise held that day.

Meanwhile, the South Korean puppets held a surprise attack exercise against the North with the mobilization of some 10 helicopter gunships in the skies above Paju and Yonchon Counties, Kyonggi Province, on the forefront. They brought heavy tanks, 105 mm guns and armed bandits into different places of the counties and fired artillery pieces and large-calibre machine guns.

We cannot overlook such war moves which coincide with the South Korean trip of high-ranking U.S. military officials.

The U.S. imperialists and the Kim Yong-sam group must act with discretion, mindful that confrontation and war will lead them to self-destruction.

U.S., Japanese Command Post Exercise Denounced

SK2001101395 Pyongyang KCNA in English 1004 GMT 20 Jan 95

["Protagonist in Increasing Tension"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—The "Joint Army Corps Command Post" exercise to be staged by Japan and the United States from January 23 allegedly for "the strengthening of the security system" is aimed at the establishment of a Japan- U.S. joint operational system and is part of the military pressure on the DPRK, says NODONG SINMUN today.

We cannot but take note of the fact that the exercise will be staged against the Democratic People's Republic of Korea in a region near the Korean peninsula with the participation of the bosses and officers of the U.S. Forces and the inspector generals office of the Western Army Corps of the "Self-Defense Forces" [SDF] assigned to the potential operation on the Korean peninsula.

Japan and the United States are staging joint manoeuvres, while further strengthening military tieup based on the U.S.-Japan "security system", a legacy of East-West confrontation, when they are facing nobody's "threat" and "aggression". This is a challenge to the people's desire for peace.

The United States intends to maintain its "forward deployment strategy" and put fresh muscles into it and establish a sphere of military domination in this region under the pretext of "regional security" by Japan-U.S. cooperation and use the Japanese islands and the "SDF" for its military purpose. The Japanese reactionaries, on their part, scheme to turn Japan into a military power and realise their design of reinvasion with the backing of the United States.

What is more serious is that the strengthening of the Japan-U.S. "security system" and joint military exercises are targeted against the DPRK.

This fully shows how desperately the Japanese reactionaries are trying to gratify their wild ambition for military reinvasion of the DPRK.

Facts prove that it is none other than them who are increasing tension in this region.

We are not afraid of any military threat and we will not tolerate the infringement on our sovereignty.

The Japanese reactionaries must not forget the bitter lesson of defeat.

Central Committee Secretary Meets U.S. Scholar

SK2001103495 Pyongyang KCNA in English 1020 GMT 20 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, on Thursday met and had a conversation with Kim Yong-chin, director of the Centre for East Asian Studies of George Washington University of the United States, and his party.

PRC Premier on Importance of North Friendship

SK2001042095 Pyongyang KCNA in English 0413 GMT 20 Jan 95

[FBIS Transcribed Text] Beijing, January 18 (KCNA)—Today the Chinese party and government treasure Sino-Korean friendship sealed in blood and attach great importance to it as in the past, said Li Peng, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China and premier of the State Council of China.

He made the remark when he met with a government cultural delegation of the DPRK led by Chang Chol, vice-premier of the Administration Council and minister of culture and art, here today.

The passing of Comrade Kim Il-song, the great leader of the Korean people and a close friend of the Chinese people, last year was a big misfortune and bitter sorrow for the Chinese people, said Li Peng.

He added that the Chinese people are glad to see the Korean people overcoming this great sorrow and pushing ahead with socialist construction under the wise leadership of Comrade Kim Chong-il.

Indian Official on Japan's 'Hostile' Policy

SK2001103795 Pyongyang KCNA in English 1016 GMT 20 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—M. M. Verma, director of the Indian Centre for Study of the U.N., said that the Japanese Government should immediately give up its anachronistic hostile policy toward Korea and take a practical measure for good neighbourly relations with the DPRK.

He in a statement issued to the press on January 11 regarding the move of Japan to form the "dialog platform for Northeast Asian security" held that the Japanese Government should sincerely apologize for the immeasurable misfortunes inflicted on the Asian people in the past and liquidate the disgraceful past before fussing about the "platform".

Kang Song-san Congratulates Jordanian Official

SK2001134295 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 19 Jan 95

[FBIS Translated Text] Comrade Kang Song-san, premier of the Administration Council, sent a congratulatory message to al-Sharif Zayd Bin-Shakir, prime minister of the Hashemite Kingdom of Jordan. The congratulatory message expressed warm congratulations to him on being appointed the prime minister of the Hashemite Kingdom of Jordan, while wishing him success in his responsible work.

The congratulatory message expressed the conviction that the relations of friendship and cooperation existing between the two countries would continue to develop well into the future.

Greetings Sent to Chairman of Bulgarian Assembly

SK2001104095 Pyongyang KCNA in English 1022 GMT 20 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—Yang Hyong-sop, chairman of the Supreme People's Assembly of the Democratic People's Republic of Korea, sent a message of greetings to Blagovest Sendov [name as received] upon his election as chairman of the People's Assembly of the Bulgarian Republic.

Expressing the belief that the relations between the two parliaments would further strengthen and develop, the message wished him great success in his responsible work.

Kim Chong-il Receives Greetings From Abroad

SK2001042895 Pyongyang KCNA in English 0407 GMT 20 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—The great leader Comrade Kim Chong-il received new year telegrams from foreign party leaders.

They came from A. Moroz, chairman of the Socialist Party of Ukraine; Waldemar Pawlak, chairman of the Supreme Executive Committee of the Polish Peasants' Party; Preben Moller Hansen, chairman of the Danish Workers' Party, Common Cause; Daniel Rochette, chairman of the Belgian Movement of Communists; Razafindrabe Andre, secretary general of the Monima Socialist Organisation of Madagascar; Ali Houdou, secretary general of the Party of Revolution of Benin; Kwesi Pratt, general secretary of the Popular Party for Democracy and Development of Ghana; and Kassim Salam, secretary of the Yemen Regional Leadership of the Arab Socialist Baath Party.

They extend warmest congratulations to Comrade Kim Chong-il on the new year and wish him good health and a long life.

They express the belief that the Workers' Party of Korea and the Korean people under the wise leadership of Comrade Kim Chong-il will achieve greater successes in the efforts to build socialism and reunify the country independently and peacefully.

Foreign Publications Carry Kim Chong-il's Work

SK2001042995 Pyongyang KCNA in English 0408 GMT 20 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—The Russian magazine BOLSHEVIK published the famous work of the great leader Comrade Kim Chong-il "Socialism Is a Science" in its special issue.

Printed in the issue is a portrait of Comrade Kim Chong-il.

The work was also carried by the Bangladesh papers LEFT FRONT and VANGUARD, the Pakistani paper NIDAE WAQT, the Libyan paper AL JAHAF AL AHDAR, the Belarussian paper MY I VREMYA and the Ugandan paper NGABO.

Woman Receives Birthday Table From Kim Chong-il

SK2001043195 Pyongyang KCNA in English 0410 GMT 20 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—The great leader Comrade Kim Chong-il sent a centennial birthday table to Pak Pok-sun, an old woman in Tanchon City, South Hamgyong Province.

The table was conveyed to her on January 18.

Upon receiving the table, she and her family were moved to tears and renewed their resolution to remain loyal generation after generation to Comrade Kim Chong-il, who constantly shows loving care for the Korean people.

With more than 40 family members including her great grandchildren, she cares for her household chores in good health and educates her descendants in filial piety and intense loyalty to the party and the leader.

Increased Industrial Production Reported

SK2001102995 Pyongyang KCNA in English 1014 GMT 20 Jan 95

[FBIS Transcribed Text] Pyongyang, January 20 (KCNA)—The Working People of Korea continue effecting great innovations in production to decorate this year, in which fall the 50th anniversaries of the foundation of the Workers' Party of Korea (October 10, 1945) and the liberation of the country (August 15, 1945), with unprecedented achievements.

The Sangwon cement complex, a major building-materials producer of the nation, overfulfilled the first ten-day assignments by 5.4 percent in cement and 29.7 percent in clinker. These days it has increased the daily output more than 50 percent as against the same period of last month.

The coal mines in South Pyongan Province have more than doubled the production in the latest three days as against the corresponding time of last month.

The Komdok mining complex produced some 300 more tons of lead and zinc in terms of metal content on the new year's day than the daily average toward the end of last year. It is overfulfilling the daily quotas more than 20 percent from the beginning of the year.

The North Hamgyong Provincial Forestry Management Bureau is topping its daily targets 30 percent in timber and 50 percent in pit props on an average.

Through a vigorous drive to carry more freight, the locomotive corps across the country under the Ministry of Railways have transported 20,700 more tons of freight than the rated traction tonnage over the last few days.

In this period, the members of the west Pyongyang and Sinsongchon Locomotive Corps and other transport workers under the Pyongyang Railway Administration have increased the daily freight turnover 20 percent over the daily average in the comparable period of last year.

The Nagwon machine complex, the Nampo united smeltery, the Pakchon silk mill, the Kyongamsan export garment factory and many other industrial establishments have largely boosted production from the beginning of the new year.

Kang Song-san, Other Leaders Attend Film Show

SK2001141395 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 18 Jan 95

[FBIS Translated Excerpt] In recent days, the Korea Art Film Studio has wonderfully produced and released the 21st part the art film "Nation and Destiny," which is being created as a monumental masterpiece of the times under the energetic guidance of our party.

On 18 January, the cadres of the party and the government watched this film at the People's Palace of Culture.

Watching the film were Comrade Kang Song-san; Comrade Pak Song- chol; Vice President Kim Pyong-sik; Comrade Kim Yong-nam; Comrade Chon Pyong-ho; Comrade Han Song-yong; Comrade Choe Yong-nim; Comrade Yang Hyong-sop; Comrade Hong Sok-hyong; Comrade Paek Hak-nim; Comrade Kim Pong-yul; Comrade Kim Kwang-chin; Comrade Kim Ik-hyon; Comrade Kim Ki-nam; Comrade Hwang Chang-yop; Comrade So Kwan-hui; Comrade Kim Hwan; Comrade Kim Pok-sin; Comrade Kim Yun-hyok; Comrade Yun Ki-pok; Comrade Pak Nam-ki; Comrade Chon Mun-sop; Mrs. Yu Mi-yong; members and candidates members of the Central Committee of the Workers' Party of Korea in Pyongyang; responsible functionaries of the party organs, power organs, administrative and economic organizations, and social organizations; general-grade officers of the Korean People's Army; anti-Japanese revolutionary fighters; responsible functionaries in the scientific, educational, cultural, art, public health, media, and publication sectors; and professors and doctors. [passage omitted]

TV Drama Encourages People's 'Heroic Feats'

SK2001042595 Pyongyang KCNA in English 0403 GMT 20 Jan 95

[FBIS Transcribed Text] Pyongyang, January 19 (KCNA)—"Paekkumsan," a TV serial drama, is now being screened in Korea, drawing the deep interests of the viewers.

Paekkumsan is a large magnesite producer which is located in Yongyang, Tanchon City, South Hamgyong Province, in the northeastern part of the country.

Calling at it in April 1961, the great leader President Kim Il- song named the mountain area Paekkumsan (white gold mountain), saying magnesite there was as precious as gold. Acquainting himself with detailed problems arising in its development, he resolved them and turned this area into a modern ore producer, one of the biggest of its kind in the world.

The TV serial drama "Paekkumsan" depicts the brilliant feats of the members of the Excavaoor No. 7 workteam of the Yongyang mine who showed loyalty for ten years in developing this magnesite mountain area, and the wise guidance and noble virtues of the president who raised all of them to be heroes.

The ore cutting sites where magnesite rocks are blasted with thunder, the animated dressing ground, and looks of working ground busy with large-size excavators and lorries show the great creativity of people conquering nature and the might of the independent economy of the country.

The endeavours of the hero workteam members to make the socialist motherland more prosperous and their revolutionary comradeship show an aspect of the ideological and mental traits of the Korean people who live in a large family.

The 16-part TV serial drama "Paekkumsan" greatly encourages to heroic feats the working people in the march they started in the new year.

South Korea

KEDO Talks End; 'Substantial Progress' Made

SK2001051495 Seoul YONHAP in English 0503 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—Three-way talks among Seoul, Washington and Tokyo on providing light-water nuclear reactors to North Korea produced an agreement Friday that the international consortium in charge of the project will clearly specify that the reactors are to be Korean-standard nuclear plants, a Foreign Ministry spokesman said.

During the two-day talks which ended Friday morning in Tokyo, the three sides also reaffirmed that Korea will play a central role in supplying the reactors to Pyongyang, ministry spokesman Chang Ki-ho said.

The three nations made substantial progress on technical matters involving the formation of the Korea Energy Development Organization (KEDO), although they failed to conclude all of the provisions on setting up the body, according to Chang.

The Tokyo talks, following last week's Washington negotiations on the project, were attended by Cho Chang-pom, senior research officer at the Institute of Foreign Affairs and National Security (IFANS) who was named senior official of the soon-to-be launched organization handling KEDO affairs in South Korea, Yukio Takeuchi, deputy director-general of the Asian affairs bureau of the Japanese Foreign Ministry, and Thomas Hubbard, deputy assistant secretary of state for East Asian affairs.

U.S., South Lawmakers Discuss Reactor Issue

SK2001075195 Seoul YONHAP in English 0712 GMT 20 Jan 95

[FBIS Transcribed Text] Washington, Jan. 20 (YONHAP)—Two South Korean lawmakers met with their American counterparts here Thursday to explain their country's position on the North Korean- U.S. nuclear agreement before attending a hearing of the Senate Energy and Natural Resources Committee.

Rep. Na Ung-pae of the ruling Democratic Liberal Party (DLP), chairman of the National Assembly Committee on Foreign Affairs and National Unification, and Rep. Namgung Chin of the opposition Democratic Party (DP) met with U.S. Senators Sam Nunn and Jesse Helms, chairman of the Foreign Relations Committee.

The visiting assemblymen said South Korea is ready to cooperate in implementing the Geneva accord on reshaping North Korea's nuclear program.

But in supplying light-water reactors to North Korea, they said the South Korean-style model should be adopted and Seoul's central role secured in the entire process of designing and constructing the facilities.

Without these measures, it will be difficult for South Korea to justify bearing the financial burden, they said.

Rep. Na asserted that the United States should take a decisive and clear stand with North Korea on the South Korean-style reactor and a resumption of inter-Korean dialogue.

He added that it is undesirable for only Pyongyang and Washington to move toward rapprochement while inter-Korean dialogue remains stalled and Pyongyang continues to blame Seoul.

The senators expressed their sympathy with Rep. Na and agreed that inter-Korean talks must resume.

Reps. Na and Namgung also met with Sen. Craig Thomas, chairman of the Subcommittee on East Asian and Pacific Affairs, and Sen. Frank Murkowski, chairman of the Senate Energy and Natural Resources Committee, on Wednesday.

Moreover, the South Korean assemblymen plan to meet with Rep. Benjamin Gilman, chairman of the House International Relations Committee; Rep. Doug Bereuter, chairman of the House Subcommittee on Asian and Pacific Affairs; Sen. Richard Lugar, chairman of the Senate Agriculture, Nutrition and Forestry Committee; and Rep. Kim Chang-chun, a Korean-American representative between Saturday and Sunday.

Choe Appointed Head of Reactor Project Office

SK2001075595 Seoul YONHAP in English 0715 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—The government on Friday appointed Assistant Foreign Minister for Political Affairs Choe Tong-chin as head of an organization to handle affairs related to nuclear reactor construction in North Korea, according to a government spokesman.

Choe was named secretary-general of the Office of Planning for the Light-Water Reactor (LWR) Project, which will be officially launched Monday, for his role in negotiating with the United States on supplying two reactors to Pyongyang, the spokesman said.

A career diplomat who is well versed in Asia-Pacific affairs, Choe was promoted to the vice-ministerial level of secretary-general of the office from his current post. Choe has been South Korea's main man in handling the North Korean nuclear issue since becoming assistant foreign minister for political affairs in December 1993.

A graduate of the Political Science Department of Seoul National University, Choe also studied at the University of London, England, and has held a variety of diplomatic posts.

He served as deputy director-general and director-general of the Asia-Pacific Affairs Bureau, chief of protocol and counsellor at the Korean Embassies in Tokyo and New Delhi.

Kim Chong-pil's U.S. Trip Raises Speculation

SK2001073995 Seoul YONHAP in English 0607 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—Rep. Kim Chong-pil, who resigned as chairman of the ruling Democratic Liberal Party (DLP) Thursday, kicks off a tour of the United States Saturday.

Kim has decided to go ahead with the U.S. trip despite the strong objections of his associates, who maintain that he can hardly leave the country at a time when domestic politics is undergoing such rapid change.

The main reason Kim wants to visit the United States is in fact far removed from the domestic political situation on which his political fate hinges.

That reason is to receive an honorary science doctorate and a letter appointing him an honorary member of the Board of Directors of the Oregon Graduate School of Science and Technology, in recognition of his contribution to developing science in South Korea by establishing the Korea Institute of Science and Technology (KIST) while serving as prime minister in the early 1970s.

His itinerary includes such ordinary events as a welcoming reception by Korean residents Saturday evening, a breakfast hosted by South Korean Consul-General in Seattle Yi Hae-sun and receipt of an honorary Ph.D. degree on Sunday, and a dinner he is sponsoring for Seoul National University alumni on Monday.

The only political significance one might find is his hosting of a dinner for members of the Oregon branch of a club known as "Karak- hoe," formed by his supporters in the early 80s while he was visiting America.

Kim himself does not attach much meaning to his tour. "I'm visiting the United States this time just because I cannot further put it off after three long years. Following a brief stay, I'm coming back right away," he said.

But attention is being drawn to the fact that Rep. Kim Yong- hwan, who left the government party in 1992 bearing a grudge against Kim Chong-pil after the latter supported Kim Yong-sam as the party's presidential candidate, is now staying in the United States. Kim Yong-hwan called on Kim Chong-pil at the latter's Chonggu-tong residence in Seoul last Sunday on the eve of his departure for America.

It is generally thought that Kim Chong-pil will leave the ruling party and create a new one. Accordingly, political analysts speculate that Kim Chong-pil might meet Kim Yong-hwan, who is known as "a wise guy" in political circles, to discuss substantial matters related to the new party's formation.

Kim Chong-pil's associates strongly deny this speculation, wondering, "Who said Kim Chong-pil will meet Kim Yong-hwan in the United States? You should know better from the simple fact that he cannot even stop over in Los Angeles because of his tight schedule."

In view of his loose itinerary, however, there indeed exists the possibility of a get-together in America between the two Kims.

Announcing his resignation from the DLP chairmanship Thursday, Kim stressed that "I absolutely won't refer to my own problems until I return home from the United States." This also leads many to suspect that he will ponder something of note while in the United States.

North Said To Invite Clinton's Brother To Visit

SK2001090895 Seoul YONHAP in English 0849 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—North Korea invited Roger Clinton, an aspiring singer and younger brother of U.S. President Bill Clinton, late last year to perform in Pyongyang this April, Rep. Kim Sang-ku of the ruling Democratic Liberal Party (DLP) said Friday.

"Roger Clinton, who I am acquainted with, visited me at my office on Thursday to show me the invitation from Kim Yong-sun, chairman of the (North) Korean Committee for Peace in the Asia and Pacific Region," Rep. Kim said.

The invitation was dated Dec. 28, 1994.

The extension of an invitation to Roger Clinton, given that he is the younger brother of the incumbent U.S. President, suggests that Pyongyang hoped to improve relations with the United States, Rep. Kim said.

Roger Clinton was quoted by a secretary of Rep. Kim as saying that he had not decided yet whether to go to Pyongyang and that he may have to consult his brother on the matter.

A copy of the invitation carried by Rep. Kim said, "It will be very meaningful to deepening the understanding between the peoples of the Democratic People's Republic of Korea (DPRK) and the United States if Mr. Roger Clinton visits our country in April 1995 to perform at the Pyongyang International Sports and Culture Festival."

A performance by Roger Clinton would arouse the interest of music lovers and ordinary citizens in North Korea, a country of "chuche (self-reliant) art," the invitation read.

Maritime Authority on Direct N-S Sea Routes

SK2001021195 Seoul YONHAP in English 0056 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—Spurred by the prospect of heightened inter-Korean economic exchanges, the Korea Maritime and Port Administration (KMPA) plans to promote the opening of direct sea routes between South and North Korea this year through official contacts with North Korean authorities.

In an effort to facilitate invigorated inter-Korean personnel and cargo exchanges brought by business links, development of the Tumen River basin and construction of light-water reactors in the North, the KMPA will accent the opening of Inchon-Nampo and Pusan-Najin sea routes on a priority basis, KMPA officials said Friday.

The administration's plans call for defining the projected sea routes as inter-Korean routes, permitting only South and North Korean firms to operate on them and restricting foreign investment.

When a large number of people travel between the South and North, the KMPA hopes to launch car ferry services between Pusan and Najin with a stopover at Sokcho.

South Korean shipping firms like Samson Maritime Co. and Hansong Shipping Co. are already providing service on inter-Korean sea routes. As they operate third country-registered vessels with foreign crew aboard, however, they cannot be considered to have opened direct inter-Korean sea routes.

A KMPA official said, "both the South and North Korean constitutions define the Korean peninsula and affiliated islands as their territories. But they have no official agreement as to the treatment of vessels operating in them.

"We plan to discuss how to guarantee the safety of ship crew and vessels and other issues through meetings with North Korean authorities at an early date."

Seoul Decides on Sending N-S Trade Delegation

SK2001095195 Seoul HANGYORE SINMUN in Korean 20 Jan 95 p 2

[FBIS Translated Text] The government has decided to send a North-South trade and processing trade promotion delegation [witakkagong chokchindan] to North Korea in order to activate North-South economic cooperation. In addition, it plans to carry out the exchange of the North-South economic cooperation delegation and to open a North-South joint goods exhibition hall.

According to relevant authorities on 19 January, the government will form a trade and processing trade promotion delegation made up of leading small- and medium-sized enterprises interested in North- South economic cooperation, as they have difficulties in participating in North-South economic cooperation at the invitation of North Korea. Also, it has been decided to organize the North- South economic cooperation delegation around leading small- and medium-sized enterprises interested in the development of energy and tourist resources, as well as the investment of the social overhead capital.

The government will first open a North-South joint goods exhibition hall in Beijing and in another third country. It will then consider plans to open a hall in both South and North Korea.

A relevant government official stated: "We reported these plans to President Yong-sam early this month and the relevant ministries have reacted positively so there should be no problem in carrying out these plans. We do not know, however, how North Korea will react."

Ministry on Direct N-S Commodity Exchanges

SK2001105495 Seoul YONHAP in English 1048 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—The South Korean Government plans to propose to the North the switch of the present practice of indirect commodity exchanges to direct dealings.

A report prepared by the International Trade and Industry Ministry for the National Assembly said on Friday that the ministry intends to make the overture once the South-North joint economy commission resumes business.

Under the plan, the report said, the ministry is working on a set of related matters such as a draft agreement on direct commodity exchanges, method of settlement, arbitration of disputes, and protection of industrial properties.

Minister Pak Chae-yun of the ministry said at an assembly committee session Friday his ministry would also map out an industrial structure realignment and redistribution plan to prepare for a unification that he said may befall all of a sudden.

"Presently we are promoting a set of measures to spur inter- Korean economic cooperation, such as accelerated exchange of commodities, swap of economic cooperation missions and staging of joint commodity fairs," Pak said.

* North's Foreign Trade Window Kominbal Revealed

952C0039C Seoul IRYO SINMUN in Korean 20 Nov 94 pp 6-7

[By reporter Yi Yun-sam]

[FBIS Translated Text]**Koryo National Industry Development Association [Kominbal].**

This organization with rather a lengthy name, is one of the few North Korean windows for economic cooperation with South Korea which have drawn attention from our press and business circles since President Kim Yong-sam announced measures to promote economic cooperation with North Korea.

However, not much detail of Kominbal, such as its organizations, activities, and personnel, was known in the past.

IRYO SINMUN has single-handedly pursued every detail of Kominbal, which has been shrouded in secrecy so far, through first-hand accounts of high-ranking officials of the Kominbal Beijing office and some of Korean-Americans who are actually engaged in economic cooperation with North Korea.

The Kominbal Beijing office is located in the center of downtown Beijing.

Recently, the heads of prominent South Korean big corporations have been visiting this office. Pak Se-yong, president of Hyundai Corporation, visited it early last month. In addition, the head of the Daewoo Group's Beijing branch office and high-ranking executives of the Lotte, Jinro, and Dong-Yang groups vied with each other to visit this office.

Kominbal has drawn more attention as word spread that Kominbal is the sole North Korean contact point for economic cooperation. Previously, North Korea had separate contact points for economic cooperation with the South in the party, government, and military. But these separate contact points were integrated into Kominbal last April.

Kominbal began to draw more attention from our business circles as IRYO SINMUN confirmed in its 125th issue on 9 October that when Kim Il-song died, Kominbal had sent "written invitations" to Hyundai Group Honorary Chairman Chong Chu-yong and other South Korean businessmen [to attend his funeral].

Is Kominbal really the sole North Korean window for contact with South Korea? What kinds of organization are affiliated with Kominbal? Who is in the driving seat of Kominbal?

Kominbal was established in May 1991 under Office 39, which was in charge of the financial affairs of and fund-raising for the Workers Party [KWP].

Kominbal was said to have been established for the purpose of handling foreign relations and trade with Taiwan. It was headed by Chairman Cho Chong-kun, who was in charge of trade with South Korea before.

Originally, Kominbal was only one of the several North Korean channels dealing with foreign trade. In the past it was customary in North Korea for the party, military, and government to organize and operate separate trade firms as deemed necessary.

However, with the wholesale restructuring of its contact points for economic cooperation last April, North Korea drastically changed the personnel, role, and affiliated organizations of Kominbal.

First, Kominbal came under the direct control of the premier of the State Administration Council (Kang Song-san) from the jurisdiction of the party. Choe Chong-kun was replaced by Yi Song-nok as Kominbal chairman. (Choe Chong-Kun was reportedly fired on suspicion of receiving bribes while handling external trade affairs.)

Yi Song-nok is an economic expert who has built his career in the economic field for these 20 years. He served as vice chairman of the External Economic Committee and concurrently chairman of the Korean Committee for the Promotion of International Trade.

Kominbal recently moved into a new five-story building in East Pyongyang.

Choson Samcholli Company and Kominbal International Development Company, which used to handle trade with South Korea, were merged into Kominbal with its restructuring.

To be more specific, Kwangmyongsong General Company, Choson Samcholli General Company, the Potonggang Hotel Management Bureau, and Koryo Industrial Bank are all under Kominbal.

The word "Kwangmyongsong" of Kwangmyongsong General Company is Kim Chong-il's pseudonym. In the past this company imported goods for high-ranking party officials from Western countries. The company is well known to foreign countries because it imported jewelry, movies, and other luxury items.

Kwangmyongsong Company is expected to handle mainly matters concerning economic cooperation with overseas Koreans. The post of its president was reportedly vacant as of the middle of October.

The chairman of the board of directors of Choson Samcholli General Company was Premier Kim Tal-hyon.

This company was the North Korean partner with which the Daewoo Group signed an agreement on the Nampo Industrial Estate project in 1991. The company is said to have been "established for the specific purpose of trading with the Daewoo Group" judging from the fact that it has handled mainly joint ventures with the Daewoo Group in the past.

The Potonggang Hotel Management Bureau, owned by the Kumgangsan International Group, has also been merged into Kominbal. The chairman of the board of directors of the Kumgangsan International Group is Pak Kyong-yun.

In the past the Unification Church was said to have some shares in Potonggang Hotel, located on the bank of the Taedong River in Pyongyang. But it has been confirmed that the hotel is owned by the Kumgangsan International Group.

Koryo Industrial Bank is a banking facility that can deal freely with Western countries without being subject to state interference. Pak Kyong-yun is its chairman of the board of directors, and Yi Yong-kun is its president. The bank has accounts in Shenzhen, Guangzhou, Beijing, and Shenyang in China.

Kominbal opened its branch office in Beijing in late April. The branch, with a total personnel of three or four, is expanding contacts with South Korean firms.

Choe Chol-yong, head of the Beijing office, worked for 17 years as a close aide to former North Korean Vice Premier Kim Tal-hyon and is known as a "hidden powerhouse" behind the North Korean window for contacts with foreign countries because of his extensive practical knowledge in light, heavy and chemical industries. He has forged close personal ties with Daewoo Group Chairman Kim U-chung while jointly promoting the joint Nampo Industrial Estate project with the Daewoo Group.

The recent integration of separate windows for contacts with South Korea scattered in the party, government, and military into Kominbal has touched off a controversy in our business circles as to whether Kominbal is the sole "contact point." The controversy arose because

North Korea uses the Committee for the Promotion of External Economic Cooperation (headed by Chairman Kim Chong-u), in addition to Kominbal.

In this regard, an expert familiar with North Korean affairs said: "Kominbal deals, as its name indicates, with Koreans scattered overseas. This practice is patterned after the Chinese-style development model"—China introduced capital from overseas Chinese scattered around the world in the early stage of economic development. As far as I know, economic cooperation with Korean residents in the United States and Japan as well as South Korea entrepreneurs is primarily under the jurisdiction of Kominbal whereas economic cooperation with Western countries is under the jurisdiction of the Committee for the Promotion of External Economic Cooperation."

For this reason, South Korean enterprises are expected to continue to knock at the door of Kominbal for a long time to come.

* President Kim's Attitude Toward North Viewed

952C0039A Seoul SISA JOURNAL in Korean 3 Nov 94 pp 16-19

[By reporter Nam Mun-hui]

[FBIS Translated Text] In his address at the 15 August Liberation Day celebration, President Kim Yong-sam said, "The competition between the North and South Korean systems is over." He confidently declared, "Unification will be achieved in the future on the basis of free democracy." The president's statement, explained a Blue House official, stems from his confidence in dealing with North Korea in "the age of Kim Chong-il." The official said: "We were on the defensive in the age of Kim Il-song. But it is now possible for us to pursue a more positive and forward-looking policy toward North Korea in the age of Kim Chong-il."

It is not clear whether the expression of self-confidence on the part of the president and Blue House officials was behind the recent series of hard-line policies toward North Korea. However, as things stand at this moment following the settlement reached in the U.S.-North Korea negotiations on the nuclear issue, we may have to foot the bill which we don't have to pay to begin with. The hard-line stance toward North Korea taken by our government, the press, and the vested interests following the death of Kim Il-song, put our country in an awkward position in its relationship with North Korea. A North-Summit summit will follow in the order of business. But North Korea sees no need to hurry because the establishment of diplomatic relations with the United States, Japan, and European countries is looming on the horizon. According to experts on North Korea, General Secretary Kim Chong-il will try to use a North-South summit as a forum to take the initiative in North-South relations, by following up the successful conclusion of the North-South talks, or try to let South Korea pay a lot for its cool attitude toward North Korea in the past before agreeing to a summit.

According to experts on North Korea, compared with their rivals in advanced countries, South Korean firms were at a disadvantage in the past in moving into North Korea, and our government's hard-line stance toward North Korea has made their entry to the North Korea market all the more difficult. Following the death of President Kim, the position of South Korean firms, which were hitherto shunned by North Korea as "poisoned carrots," became all the more tenuous due to the hardened enmity toward South Korea among the North Korean hierarchy.

What worries our experts on North-South relations is the president's perception that "the competition between the two systems is over." Should the president and our policy planners work out a policy toward North Korea with this same perception, even under the impending radical changes in North-South relations and the Northeast Asian situation that are bound to take place in the wake of the conclusion of the U.S.-North Korea negotiations, it would be highly possible that our foreign policy failure would end up a bankruptcy in our policy toward North Korea.

North-South relations are in for a qualitative change in the aftermath of the U.S.-North Korea talks. The opinions of experts on North-South relations and working-level business officials dealing with Northern countries may be summarized roughly into these two propositions: First, the quasi state of war that has defined North-South relations since the end of the Korean war has terminated. In other words, the political, military, and ideological confrontation is bound to be eased. Second, for the time being North and South Korea will enter a stage of substantive rivalry between their systems in all fields, political, economic, social, and cultural, rather than concentrating on the unification issue. Although the two sides will shift from hostile relations to relations of competition, subsurface tensions would continue because the possibility can not be ruled out that ultimately the loser in the competition will be absorbed by the victor.

An expert familiar with the process of unification between East and West Germany explains by citing the relationship between East and West Germany following their simultaneous admission into the United Nations in the early 1970's. According to him, the foremost importance of the simultaneous admission of two Germanies into the United Nations was that West Germany recognized East Germany as a state both in name and reality in the international arena. On the other hand, North and South Korea were admitted into the United Nations simultaneously in 1991, but they do not yet recognize each other as states because of the remaining vestiges of the Cold War. However, when the United States, Japan, and European countries establish diplomatic relations with North Korea in the wake of the conclusion of

U.S.-North Korea negotiations, North Korea will officially appear in the international arena as another state on the Korean peninsula.

When North Korea appears on the international arena as an independent entity, the provisions of the National Security Law that treat North Korea not as a state, but as an "anti-state organization," and Article 3 of the Constitution stipulating that "the territory of the ROK shall consist of the Korean peninsula and its adjacent islands" will no longer be valid internationally. State-to-state relations in the surrounding areas will undergo certain changes. When the cross-recognition scheme becomes reality, debate will soon follow to discuss how to define relations between the neighboring Big Four and North and South Korea on a stable foundation. There are bound to be active discussions of a series of problems relating to building a structure for a lasting peace, such as problems of signing a peace treaty as demanded by North Korea, redefining the nature of the U.S. forces in South Korea and the ROK-U.S. treaty of mutual defense, and making multilateral security arrangements.

As East and West Germany did following their simultaneous admission into the United Nations, North and South Korea will enter into competition to gain the upper hand for their respective systems. Just as East Germany, which lost in the competition between the different systems of two Germanies, was absorbed by West Germany, one of two Koreas will in the long run absorb the other, or two Koreas will have to find a new way of coexistence. The competition between the North and South Korean systems is not over yet as the president claims, but it will begin in earnest from now on.

What is noteworthy in this connection is the fact that North Korea has carefully worked out its own unique development plan since the early 1990's during which it felt its very existence threatened by the fall of the Soviet Union and East European countries. Said a South Korean company official who was working in Berlin when the Berlin wall came down: "In those days quite a few North Korean diplomats were dispatched to Berlin to make a thoroughgoing investigation into the cause of the fall of East Germany. I understand that they submitted a report to their home government urging that North Korea also needs to change."

Tong Yong-sung, senior research fellow at Samsung Institute of Economics said, "The greatest difficulty confronting North Korea since the collapse of the Soviet Union and East Europe was the shortage of foreign currency." He explains the North Korean-style development plan as part of efforts to earn foreign exchange. According to him, North Korea used to buy food, crude oil, key machinery, and daily necessities from the Soviet Union and East Europe at discount prices, but since the fall of these countries it has been forced to buy these commodities in the international markets by paying foreign currency. It needs to export goods in order to earn foreign currency, and this in turn requires replacement of the outmoded factory equipment and an expansion of the infrastructure. There will also arise the problem of bringing in foreign capital and channeling the bulk of the budget into the production of goods for civilian consumption in order to raise necessary funds.

Senior researcher Tong Yong-sung explains North Korea's nuclear development plan from an economic angle. The first thing North Korea can do under the condition where the introduction of foreign capital is difficult, is cut down on the military outlays which account for 30 to 40 percent of the state budget. In other words, the munitions industry must be converted to a nonmilitary industry. But a reckless reduction of the military outlays would widen the military disparity between North and South. That is why North Korea tried to reduce the defense outlays by developing nuclear weapons which cost less than conventional weapons.

For North Korea, the development of nuclear weapons meant security externally, and internally, it was a means of converting the munitions industry to the consumer industry. The conclusion of the negotiations with the United States means that the role the nuclear development program played in the past has been replaced by security provided by the United States. With security assured by the United States, North Korea can now embark upon a full-scale economic development.

The fact that North Korea has emerged as a new "economic territory" in the international community following the conclusion of the U.S.-North Korea negotiations, will work as a stimulant for the North Korean style development strategy because as North Korea thirsted for so much in the past, foreign capital and foreign enterprises will enter North Korea in earnest. If so, what will the relationship between North Korea and the international community be like in the future? The first thing our experts on North Korean affairs in the business community think of in this connection is the possibility that North Korea may follow the ROK economic development pattern in the 1960's and 1970's as a model.

First, from the point of view of development, it seems certain that North Korea will, as we did in the past, adopt an export drive strategy designed to lure foreign capital. There is an interesting story in this regard. The officer in charge of North Korean affairs at (Mckenzie) Co., an American world-renowned consulting firm, is Kenichiro Ohmae, the head of the [Mckenzie] Tokyo branch office. The company reportedly opened a branch in Pyongyang this April. Ohmae said the strategy he has always recommended to North Korea is one for an export-driven economy. There is this similarity between the North and the South: Just as there was the U.S. world-class market for the ROK export-driven economy in the past, there is the huge Chinese market for North Korea today.

The current international circumstances surrounding North Korea are similar to the circumstances under which the ROK pushed on economic development in bygone days. What constituted the seed money for the ROK economic development in the bygone days was the money Japan paid as reparations. Likewise, when Japan pays reparations to North Korea, the money will serve as the seed money for the revitalization of the North Korean economy. It is interesting to note that Japan has informally disclosed that when it pays reparations to North Korea in the future, it will apply the same method of payment it used in its reparation to South Korea. An interested businessman said, "Supposing the same payment method is applied, the $300 million the Japanese paid to South Korea will be equivalent to $9 billion when the rate of inflation and interest rate in the past 30 years are factored into the computation." Kim To-hyong, chief of the Japan Center under the Industrial Research Institute, said: "Japan must be working out an economic development model for North Korea on the basis of its experience in the ROK's economic development." Japan will try to use North Korea as its supply base for medium-size machinery and parts which are in short supply. In this event, North Korea will pose a considerable threat to that particular sector, which is our weak point.

In the ROK economic development in the past, international banking organizations such as the International Bank for Reconstruction and Development [IBRD], the International Monetary Fund [IMF], and the Asian Development Bank [ADB] were the important sources of funding. The same will be true with North Korea in the future. Currently, the major stockholder in the IBRD and the IMF is the United Sates, and the major stockholder in the ADB is Japan. Until now these banking organizations banned credit to North Korea because of the nuclear issue. But in the future the ban will become unnecessary. North Korea filed a membership application with the ADB in 1993 and is said to have completed all necessary paperwork. According to some source, the purpose of North Korea in inviting McKenzie Co. was to prepare a written economic position paper necessary to introduce an international credit.

How the yet-to-be-organized international consortium consisting of 10 countries to assist North Korea with the installation of light-water reactors will play its role, is also a matter of concern. There was an international credit consortium consisting of advanced countries when South Korea was pushing on economic development in the past. This consortium, the major source of funding in the course of economic development, dissolved itself in the early 1980's when the ROK completed its fourth five-year economic development plan. The international light-water reactor consortium is expected to play a similar role. This can be easily surmised from the fact that on the whole the participating countries in this consortium are interested in entering North Korea for business operations, but they are reluctant to go alone.

Until now we have long regarded the ROK as the only entity on the Korean peninsula, but in the future the international community will think otherwise. Moreover, the United States, Japan, China, Russia, Germany, and Poland—the countries interested in North Korea—had experience in advancing into the Korean peninsula when Korea was a bone of contention between great powers in the closing days of the Yi dynasty. The Western powers among them have been deeply involved in the process of economic development in the ROK. These countries will make use of their experience and memories when they enter the North Korea economic scene in the future.

Each time reports about Western countries's entry into North Korean markets came out, our government or some business circles reacted with skepticism because in their opinion, North Korea had little investment value. But South Korea was as unattractive a place of investment in the 1960's and 1970's as North Korea is now. From a geopolitical point of view, North Korea, which is situated in a strategic point in the Northeastern economic zone in the making, is far more important than South Korea. Moreover, Western enterprises are interested in the possibility that international financial organizations will provide credit to North Korea, and Japanese general trading firms in particular are all ears and eyes for the "special North Korean demand" which will be created by the Japanese reparations to North Korea. It must be borne in mind that in the past Japanese general trading firms and some other foreign enterprises circulated disinformation by deliberately underestimating the investment value of North Korea in an attempt to deter South Korean enterprises' economic cooperation with North Korea. There is no need to overstate the development potential of North Korea, but an understatement is taboo. North Korean industrial facilities have been unable to operate on a normal basis due to a lack of funds. But when foreign capital flows into North Korea in the future, the possibility cannot be ruled out that North Korea will achieve a rapid growth by taking advantage of its inexpensive but good-quality labor force.

North Korea is expected to concentrate every available national resource on economic development. It will keep government-level North-South dialogues within the limits it considers proper. Accordingly, discussions of the unification issue centering on the type of power structure, such as a commonwealth of states or the Koryo Confederation, will be of little significance. Moreover, the situation will develop in such a way that the role of the government cannot but be greatly limited in the policy field dealing with North Korea. It is desirable for our government to enter into relations of partnership with North Korea in order to help private enterprises enter North Korea.

When our private enterprises succeed in entering North Korea for business operations, it will most probably contribute to accelerating change in North Korean society. Researcher Tong Yong-sung made this assessment: "An examination of North Korea's current economic development strategy points to the possibility that elements of market economics will spread faster in North Korea than in China." The new trade system North Korea introduced in 1992 requires industrial factories to directly carry out foreign trade on its own responsibility. In other words, each factory is responsible for the whole process from importing raw materials to exporting the products. This will make industrial factories more sensitive to the moves of the international market than to the controls exercised by the center. As a natural consequence, elements of market economics are bound to spread starting from the factory level. From this point of view, our government should overhaul its North Korea policy lock, stock, and barrel.

We must study the policy the West German leaders adopted when East and West Germany competed against each other for victory of their respective systems. Then West German Chancellor Brandt's "change through approach" strategy and then West German President Weizsacker's doctrine of "dialog oriented toward the openness of the systems" are what we should follow in our policy toward North Korea as we enter the period of competition between the two systems. Particularly, President Weizsacker's doctrine of dialogue for openness means that to have dialogues in the true sense of the word, each side should try to change instead of demanding change on the part of the other side. This precept is very instructive to our society, which is still captivated by the specter of the Cold War.

In order for us to emerge victorious in the competition between the two systems, we must develop our country so that we may surpass North Korea in every field, political, economic, and social. On the one hand, it is essential for us to change our system into one which is so broad-based that it can even tolerate North Korea. This is the most important message the U.S.-North Korea dialogues address to our society.

Effect of Japan Quake on ROK Economy Studied

SK2001021095 Seoul THE KOREA TIMES in English 20 Jan 95 p 1

[FBIS Transcribed Text] The Trade, Industry and Energy Ministry yesterday established a task force to monitor the influence of Japan's Tuesday earthquake on local industry and minimize its adverse effects.

The task force, headed by Kim Hong-kyong, director general trade, will set up several sub-bodies to tackle such key fields as steel, automobiles, electronic components and cement, where they will work in cooperation with private enterprise.

The Korea Foreign Trade Association will conduct a feasibility study of ways to make the most of Osaka's ports and air transportation services to facilitate trade with Japan with the closure of the Port of Kobe, the worst victim of the disaster.

The steps came after a meeting of senior executives from large trading companies with ministry officials, chaired by Vice Minister Pak Un-so.

Contrary to the previous day's initial estimates of the windfalls and damage Korea could expect from the quake, the participants judged that the devastating catastrophe would not have "great impact, either favorable or unfavorable," Kim said after the meeting.

"There may be difficulties in shipments due to paralyzed communications and transportation systems for the time being. But demand for some products and rehabilitation services will increase," he said.

He quoted private businessmen as saying in general that Kobe is not at the heart of Korea's trade with Japan and the quake is not widely expected to be a boon or a loss for its exports.

The two-hour meeting, which started with Vice Minister Pak's expression of sincere sorrow, was held in quite a solemn atmosphere and was largely devoted to coping with the aftermath of the quake, including potential rises in the prices of some goods, expected to be caused by reduced supply of raw materials from Japan.

One participant pointed out that his Japanese partners were dismayed by some local reports that the disaster for the neighboring country might be a good opportunity for Korean business to profit.

Ministry on Funds for Korean Earthquake Victims

SK2001091095 Seoul YONHAP in English 0809 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—The Foreign Ministry decided Friday to provide Koreans in Japan, who are struggling to recover from Tuesday's killer earthquake, with 500,000 U.S. dollars in emergency relief funds, a ministry spokesman said.

The relief funds will be funnelled to Mindan [South Korean Resident's Association in Japan], an organization of Korean residents in Japan, through the South Korean Embassy in Tokyo Saturday so the money can be distributed to ethnic Korean victims of the quake, according to the spokesman.

The amount is part of ministry funds set aside for assisting ethnic Koreans overseas, said the spokesman, who added that other government ministries and agencies are discussing ways of helping Korean sufferers in western Japan pick up the pieces.

Hanjin Group Donates Natural Water to Japan

SK2001121395 Seoul YONHAP in English 1136 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—The Hanjin Business Group Friday decided to donate 180 tons of natural water taken from Cheju Island to the Kobe and Osaka areas of Japan suffering short supply of potable water following the recent earthquake.

The first shipment, 40 tons, of the water will be taken to the Kansai airport, Osaka aboard KE-784 cargo plane leaving at noon Saturday.

From Kansai airport, the water will be carried by a Japanese Maritime Security Agency vessel to Kobe for delivery to the disaster headquarters there, a Hanjin official said.

Lifting of Ban on Japanese Imports Announced

SK2001020195 Seoul THE KOREA HERALD in English 20 Jan 95 p 8

[FBIS Transcribed Text] Almost all of 204 items, whose import from Japan is banned, will be freed from the import restriction by 1999, Minister of Trade, Industry and Energy Pak Chae-yun said yesterday.

Korea is banning the import of those items from Japan as a means of reducing its snowballing trade deficit with Japan. But the ban violates the regulations of the World Trade Organization (WTO).

Pak said only a minimum number of items will remain on the import ban list after 1999.

At a breakfast meeting with the Korea Foreign Trade Association, Pak said advance announcements will be made about the items to be dropped from the import ban list so that domestic businesses producing the items will be prepared.

The government will make Korea one of the most free nations for foreign direct investments, he said, adding that 95 percent of business areas will be liberalized for investments by foreigners by 1997, up from the current 90.6 percent.

As one of the leading trading nations in the world, he said, Korea needs to remove barriers to trade and investment drastically.

The government's trade policy will focus on competition and cooperation at the same time when all nations are striving to maximize their own interests under the WTO regime.

Korea will open up its domestic market for imports while promoting exports, he said.

He said the government will promote trade through bilateral and multilateral negotiations.

The government will also provide developing nations with greater access to Korea's domestic market after joining the Organization for Economic Development and Cooperation (OECD), a Paris-based club of advanced nations in 1996, he said.

But he made it clear that the government will try to keep its status as a developing nation under international treaties for some time after it joins the 25-member OECD.

An official from the Ministry of Trade, Industry and Energy said, however, the government will study the possibility of levying preferential tariff rates on imports from developing countries and increasing the Economic Development and Cooperation Fund, a fund set up to aid developing countries.

Many of the OECD members offer tariff benefits to developing nations under the generalized system of preference (GSP), the official said.

Environment Minister Proposes Three-Nation Body

SK2001010895 Seoul YONHAP in English 0035 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—Environment Minister Kim Chung-wi met Chinese Ambassador to Seoul Zhang Tingyan Thursday and proposed the creation of a joint consultative body involving South Korea, China and Japan to cooperate in environmental affairs.

During the Chinese ambassador's courtesy call at the minister's office, Kim asked Zhang to assist in realizing environmental cooperation among the three countries.

Pointing out that the most sensitive environmental issues between Korea and China are Yellow (West) Sea pollution and acid rain, Kim emphasized the two neighbors can no longer put off bilateral action on these problems.

In particular, he requested that Ambassador Zhang act as a bridge linking the two countries to attain practical cooperation between the respective authorities concerned and to exchange information and personnel in the environmental industry and basic science fields.

For his part, Zhang said cooperation is progressing rapidly as witnessed by the Seoul-Beijing environmental cooperation accord reached in October 1993 and the summit agreement on mutual environmental cooperation last March.

Zhang said he will strive to increase cooperation in exchanges of techniques, ecology surveys and Yellow Sea pollution.

Vice Minister Returns From Tour of Middle East

SK2001121095 Seoul YONHAP in English 1125 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—Vice Foreign Minister Yi Si-yong said on Friday three Middle-East countries had pledged to support South Korea's non-permanent membership of the United Nations Security Council.

The three countries are Kuwait, Saudi Arabia and Bahrain.

Yi made the remarks on arriving at Kimpo Airport after touring Mid-East countries as a special presidential envoy.

"These countries also expressed support for International Trade Ambassador Kim Chol-su in his bid to get elected as secretary- general of the World Trade Organization (WTO)," Yi said.

Yi who has just been named as vice foreign minister said that in the Middle East, he was told that Kuwait is positively studying the issue of providing heavy oil to North Korea at the request of the United States.

Gaining UN Seat 'Most Urgent' Diplomatic Issue

SK2001075095 Seoul YONHAP in English 0704 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—Among the most urgent diplomatic tasks facing South Korea is winning enough support to join the United Nations Security Council (UNSC) as a non- permanent member, Seoul's new UN Ambassador Pak Su-kil said Friday.

To that end, Pak said he will work to secure the backing of over 120 countries or two-thirds of the total 185 UN members needed to join the Security Council, adding that verbal or written support from over 60 countries has already been obtained.

Meeting reporters just two days before he leaves Seoul for New York to assume his new post, Pak stressed the need to carry out globalization, the Kim administration's policy goal for this year, through membership in the UNSC.

"As far as I know, President Kim also has a keen interest in the country's bid to join the UNSC," Pak said. "The president will explain to world leaders at the world summit for social development in Copenhagen, Denmark, the need for the country to enter the UNSC as well as a variety of other issues."

The new ambassador said that the UNSC is the world body's primary means of maintaining peace and security and that its role has grown more important, especially after the end of the Cold War.

As the 17th largest financial contributor to the United Nations, Seoul should play an appropriate part in the world body, Pak insisted. "However, it is desirable for us to have a balanced position in the world body to play a role in bridging differences between developed and developing countries rather than to take up the cause of one side."

Sri Lanka stands as South Korea's main challenger for UNSC membership, according to Pak. "The current situation, however, looks favorable for our country because the Sri Lankan Government has had difficulty persuading those with dissenting opinions from within on the island state's efforts to join the UNSC when its economy is in a slump."

Nevertheless, Colombo has arrived at somewhat of a consensus on the matter and possesses a strong enough economy to back its bid, he said.

"By the coming May or June when it's clear to some extent how much support the two countries have secured in the international community, Seoul and Colombo may be able to reach an agreement on the UNSC issue."

Boasting that he will probably be the only South Korean diplomat to have formal talks twice with North Korean envoys over lunch, Pak was confident he would be able to induce Pyongyang's Ambassador to the United Nations Pak Kil-yon into direct negotiations.

On the issue of Japan's bid to join the UNSC as a permanent member with veto power, he said Seoul has yet to take a position because work is under way to overhaul broad provisions of the UN charter including one on UNSC permanent members' veto power.

Trade Minister on 'Bold Steps' of New Policy

SK2001145095 Seoul THE KOREA TIMES in English 20 Jan 95 p 8

[By staff reporter Kim Chang-yong]

[FBIS Transcribed Text] The administration plans to take a number of bold steps for a "comprehensive and substantial" opening of the market and for equal treatment of foreign investors with local businessmen.

In an address to the Korea Foreign Trade Association, Trade, Industry and Energy Minister Pak Chae-yun yesterday said that now is the time for Korea, the world's 12th largest trader, to transform its passive and reactive trade policy into a "positive and proactive" one.

"The administration will pursue a comprehensive and substantial opening, not a passive and formal one. Restrictions through special laws and vague and untransparent procedures will be lifted to ensure real access to the domestic market.

"Foreign investors will be given the same treatment as that accorded to local businessmen through improvements in the relevant institutions," he said. He admitted that privileges have been given to foreigners to attract their capital at the same time as there has been discrimination against them.

Foreign investors in high tech fields will be allowed to introduce long-term commercial loans this year, a move that follows an earlier increase in the ceiling on their short-term loans to 100 percent of their investment.

Schools and apartments for foreigners will be pushed in Pyongyang, Kwangju, and Chonan, Chungchongnam-to, where industrial sites are to be constructed exclusively for foreign investors.

Noting that Korea is still regarded in the international community as a second Japan or a protectionist state, Minister Pak vowed to continue market opening. Under the import liberalization program, all items but eight, including beef, will be open to foreign trade by June 1997, he said.

Japan will not be excluded from the benefit of the market opening as Korea is changing the strategy it has pursued to rectify its snowballing trade deficit with it.

"Because of the dependency of Korean industry on Japan, our import restrictions against Japanese products have already been pushed to their limit. Instead of a defensive policy, we will try to improve the trade balance by sharply increasing our exports," he stressed.

He called on businessmen to take every advantage of opportunities to expand their share in the international market under the freer trade order to be set up by the World Trade Organization, warning that from now on a comparative advantage will not be sufficient to ensure survival.

Similar efforts will also need to be made to boost overseas investment which now stands at 1.7 percent of gross national products, much lower than the 5-10 percent in advanced countries and 10 percent in Taiwan, one of Korea's main Asian rivals.

The professor-turned-administrator declared, "Current relations between countries and between enterprises are a competitive policy based on export drives now invites repercussions from our trade partners."

Minister on Treatment of Developing Countries

SK2001074095 Seoul YONHAP in English 0638 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—South Korea will give favorable treatment to products imported from late- starting developing countries like India under the Generalized System of Preferences (GSP) when it joins the Organization for Economic Cooperation and Development (OECD) in 1996.

The GSP is intended to encourage exports of developing countries by lowering import duties and increasing import quotas.

Speaking at a meeting of the Korea Foreign Trade Association Thursday, International Trade and Industry Minister Pak Chae-yun said the government would seek to increase cooperation with the North American Free Trade Agreement (NAFTA) nations, as it believes that trade regionalism will expedite the liberalization of world trade.

The Korea Trade Promotion Corp. will be reorganized and rechristened the Korea Trade and Investment Promotion Corp. for increased corporate investment overseas and more foreign investment at home.

He was outlining the government's trade and industry promotion policy for the coming year.

Pak said the government would open the domestic market wider to foreign firms and further ease restrictions on foreign investment, suggesting that it will no longer try to strike a balance of payments in trade or achieve a trade surplus.

"At present, preferential duties are accorded to imports of limited items from selected countries, and the government will study plans to replace these duties with GSP duties in the long run," he remarked.

The preferential duties the government now applies on 237 items from India, Sri Lanka, Bangladesh and Laos under the Bangkok accord are an average 30 percent lower than those on other items.

Pak, noting that regionalism would expedite the liberalization of world trade insofar as it is not overly exclusive, said the government would also consider hiking cooperation with NAFTA in view of the importance of North American markets to Korean trade.

The import market diversification plan will be reviewed so that the number of import items subject to the plan will be reduced from the current 204 during the first half of the year for timely and cheaper imports of "urgent items."

At present, the plan calls for imports of the 204 items from markets other than Japan in an attempt to slash the chronic trade deficit with that country.

Opposition Party Moves To Reform Party Ranks

SK2001022995 Seoul THE KOREA TIMES in English 20 Jan 95 p 2

[FBIS Transcribed Text] The main opposition Democratic Party [DP] plans to admit some prominent and fresh figures from outside as its mayoral and gubernatorial candidates in the June local elections, it was learned yesterday.

"Party leaders are of an opinion that the DP needs an infusion of fresh blood in order to win a landslide victory in the June polls," a party official said.

The official said that chairman Yi will talk about the matter in a news conference expected to be held tomorrow or early next week to present his ideas on how he will operate the party.

As part of the efforts, Yi met with Rep. Yi Chong-chan, leader of the small opposition New Korea Party (NKP), who has voiced his intention to join the party, and will have contacts with Rep. Kim Tong-kil of the New People's Party (NPP).

The opposition party is also reportedly seeking to abolish all private fraternities of major faction leaders in a move to guarantee fairness in selecting its candidates for the local elections.

"To attain this goal, chairman Yi plans to launch a committee to push for reform of the party," another official said. "He will reveal this idea at the planned news conference."

To minimize the central party's engagement in choosing party candidates for the election, Yi also plans to introduce free competition at the level of the party's provincial and municipal office.

Meanwhile, the four-man ad hoc committee for revision of the party's charter failed again to agree on whether the appointment of party key post holders will be made by the chairman alone or require other leaders' consent.

Committee members belonging to chairman Yi and Rep. Kim Sang- hyun, leader of the non-mainstream group, maintained that the chairman can appoint the key post holders onesidedly only after consultation with other leaders.

On the other hand, the largest Tonggyo-tong faction's representatives claimed that other party leaders' agreement should be included in deciding such an important issue.

Parties Plan 'Massive Structural Overhauls'

SK2001062595 Seoul YONHAP in English 0527 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—The ruling and opposition parties are moving toward massive structural overhauls by admitting key outside figures at their respective national conventions next month.

The ruling Democratic Liberal Party (DLP) is planning to bring in capable new members as soon as a fresh leadership is installed at its national convention on Feb. 7.

DLP sources said the new members will consist of people who the party thinks can win in the local elections coming this June.

The Director of the Planning and Coordination Office, Kang Sam- chae, said Friday the party will pursue a reform-minded and policy- oriented image by pushing for a massive personnel shakeup through the acceptance of several new members.

Another DLP source said the party's restructuring program is aimed at realizing its goals of globalization and generational change in the country's politics, considered essential to winning the local elections in June and parliamentary polls next year.

The source revealed that the party's composition will be adjusted to absorb such policy experts as university professors, lawyers and certified public accountants.

Moreover, the DLP will recruit other experts from outside, through its Yoido Research Center to be inaugurated this month, so that they can map out policy in preparation for the local and parliamentary elections.

In connection with the four local elections in June, the party intends to choose for its ticket experts with a fresh image and proven ability—rather than just career politicians—and will start screening prospective candidates together with its local chapters.

The main opposition Democratic Party (DP) is also seeking to attract as many influential figures from outside as possible to achieve its goal of "a grand union of opposition forces."

DP Chairman Yi Ki-taek met New Korea Party (NKP) leader Yi Chong- chan and dissident Kim Kun-tae on Tuesday and confirmed his intention to admit them to the DP, a party official disclosed.

Yi is also said to have proposed a party-to-party merger with the minor New People's Party (NPP) when he met NPP Supreme Council member Kim Pok-tong.

In this vein, NKP leader Yi reportedly met with NPP Co-Chairmen Kim Tong-kil and Kim Pok-tong Thursday and advised them to merge with the DP.

The main opposition DP is reportedly contacting major figures from all walks of life including former ministers, provincial governors, university professors and lawyers so that they can run in the upcoming local and parliamentary elections.

The party is also poised to hold its national convention next month in a manner that provides momentum to present a fresh and reformative image to the people.

DLP Secretary General Visits Kim Chong-pil

SK2001095395 Seoul YONHAP in English 0854 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—The secretary-general of the ruling Democratic Liberal Party, Mun Chong- su, called on just-resigned Chairman Kim Chong-pil at his Chongku- tong residence Friday for a 30-minute conversation.

During his unexpected visit, Mun's first remark was "very sorry," followed by a one-on-one meeting behind closed doors, an aide to Kim said.

Meeting reporters at DLP headquarters afterward, Mun said his call was designed to console the chairman, given the closing of the former chairman's offices at the National Assembly building and party headquarters, and to say goodbye prior to Kim's departure for the United States Saturday. But he refused to disclose the contents of their conversation.

Giving in later to reporters' persistence, he reluctantly disclosed, "I gave a report to the effect that the DLP National Convention on Feb. 7 should be well staged, and asked for his help." This statement indicates that Mun attempted to persuade him to remain with the party.

Kim reportedly showed no response to Mun's request.

But the real purpose of the secretary-general's call on Kim lay in confirming whether Kim really intended to resign, which the chairman assured him was the case, sources said.

Earlier, four DLP postholders decided to seek direct confirmation of Kim's true intentions at an urgent meeting right after his abrupt resignation Thursday.

At present, the DLP believes his exit from the post is a fait accompli and will carry on under an acting chairman before the convention, according to the sources.

President, DLP Urge Kim Chong-pil To Remain

SK2001090095 Seoul YONHAP in English 0833 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—Chongwadae [presidential offices] and the ruling Democratic Liberal Party (DLP) are trying to persuade Kim Chong-pil to remain with the party, mindful that his departure would hamper its development and badly affect its chances in the June local elections.

Sources at Chongwadae said the party is ready to treat Kim with full courtesy, even though he has quit as chairman, if he stays on as a senior member.

A senior Chongwadae official said Friday, "Kim's secession from the DLP is not at all desirable for the party. What President Kim wishes is the party's globalization, not Kim's exit and retirement from politics."

He said the president had an extensive talk with Kim Chong-pil on the subject when they met at Chongwadae on Jan. 10. "President Kim expects him to stay on to play the role of an elder of the party."

In this connection, DLP Secretary-general Mun Chong-su visited Kim's home in Chongku-tong, Seoul, Friday morning to request that he remain with the party while conveying the wishes of Chongwadae.

After visiting Kim Chong-pil, Mun informed reporters at DLP headquarters he had told the former chairman that the party should conduct the upcoming national convention so that it can be reborn. He did not elaborate further.

However, another source said that Mun asked Kim to stay in the party after the national convention.

Another Chongwadae official, meanwhile, noted the efforts to persuade Kim to remain by saying, "Kim must feel badly hurt for the moment, but the atmosphere will change as time passes."

DLP Officials on Difficulty in Forming Party

SK2001044595 Seoul YONHAP in English 0430 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—The ruling Democratic Liberal Party (DLP) believes that Kim Chong-pil, who stepped down as chairman Thursday, will find it difficult to give up his DLP membership and create a new party shooting for local elections this June, party officials said Friday.

A senior DLP official said, "Kim's resignation as chairman has the political meaning of ending the era of the three Kims—President Kim Yong-sam, Kim Tae-chung and Kim Chong-pil—as well as shifting generations in politics."

If he organized a new party based on support from his native Chungchong Province, the official said, it would run counter to the spirit of the three-party merger in which he played a leading role and that led to the formation of the current DLP.

Such a move would also be opposed to the demands of the times, he added.

Kang Sam-chae, director-general of the party's planning and coordination office, said: "Only old-school politicians follow Kim Chong-pil, and regional emotion in Chungchong Province is different from that of Cholla Province, which shows very strong support for Kim Tae-chung. So it is not highly likely that Kim Chong-pil will make a new party.

"Therefore, the DLP will continue trying to renew its image as a party which makes responsible policies and plays a leading role in carrying out reform by injecting new blood in the course of local and general elections."

Analysts Assess Resignation of DLP's Kim

SK2001012495 Seoul THE KOREA HERALD in English 20 Jan 95 p 2

[By staff reporter Nam In-su]

[FBIS Transcribed Text] Despite his refusal to do so at the moment, Kim Chong-pil is expected to leave the ruling Democratic Liberal Party [DLP] sooner or later to create a party of his own.

Political analysts forecast Kim will remain in the party at least until Feb. 7, when the ruling party is scheduled to hold a national rally, braving consistent pressure from mainstreamers of the party to leave it.

While resisting the pressure, Kim must try to show to the people his image as a "victim of political persecution" in order to buy their pity.

Kim must delay leaving the party also to earn time to gather his supporters who will help him in creating a new party.

Who would these supporters be, then?

It is a matter of fact, that Kim and his supporters have been preparing to form a new party for quite some time.

A group of ex-lawmakers from the now-defunct New Democratic Republican Party which Kim used to lead have taken the initiative. These people got together last month and resolved to revive the "glory" which Kim and they used to enjoy in the past.

There are seven lawmakers who belong to Kim's faction in the party, including Reps. Yi Chong-kun, Ku Cha-chun and Cho Yong-chik. But their en masse desertion is not likely since some of them were elected to become lawmakers on the party's national ticket. If they bolt from the DLP, they are automatically deprived of their status as lawmakers.

Kim may also try to seek alliance with some lawmakers of the Minjong faction which is composed of the so-called TK clan (those from Taegu city and the surrounding Kyongsang Province) whose members used to rule the country for over 30 years until early 1993.

The Minjong faction lawmakers, in general, have exerted less influence on party affairs than their colleagues of the Minju faction led by President Kim Yong-sam and therefore, are dissatisfied with their current status.

The Minjong lawmakers whom Kim Chong-pil might want to invite to join him include Reps. Chong Sok-mo, No Chae-pong and Pak Chun- pyong, all conservative figures.

Another good pool of personalities that could be tapped as members for the new party comes from independent politicians and dissident groups, particularly those from the Kangwon provincial area which have often been left out of the mainstream of the Korean politics.

Also behind Kim are numerous voters of Taejon City and its surrounding Chungchong Province, his main political base.

These people generally view the expulsion of Kim from the ruling party as a provocation to them. During a DLP rally in Yusong, South Chungchong Province, Sunday, which Kim attended, Chungchong citizens already showed a high level of protest against the DLP movements to have Kim step down.

Political analysts do not rule out the possibility that Kim Chong-pil's party, if created, will win in most electorates in Chungchong Province in the June local elections.

In this case, Kim will be able to successfully install his party as a new political group.

Some political observers, however, cast doubts whether Kim's new party, with such old and conservative forces as members, would be able to meet the demands of the public in an era of globalization.

They also point out that the new party with its political base in Chungchong Province would turn out to be nothing but a "regional" party.

Emergence of another regional party would only strengthen the regionalist tendencies in Korean politics, which have suffered enough from the division between people from Yongnam (Kyongsang) and Honam (Cholla) areas.

Dailies on Resignation of Ruling Party Chairman

SK2001085795

[FBIS Editorial Report] The following is a compilation of editorials carried in Seoul local vernacular dailies on 20 January on the resignation of Kim Chong-pil as chairman of the ruling Democratic Liberal Party, DLP.

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial entitled "Mr. Kim Chong-pil and the Future of the DLP." The editorial anticipates that Kim Chong-pil will probably found a new conservative party after abandoning his DLP membership. The editorial notes: "Mr. Kim should have made clear his views and position. He could have attacked President Kim Yong-sam upon parting, but it was inappropriate for him to criticize the party of which he was still chairman." The editorial then adds: "If Mr. Kim Chong-pil founds a new party, the merits and demerits of his 34-year career will have to be appraised. He stresses his contribution to economic development, but he should know that the trend of the times is for people to attach greater weight to a politician's demerits." The editorial notes Kim Chong-pil will not be able to gather any significant force for founding his new party, if any, and concludes: "Mr. Kim should be aware that if he, who has built up a long colorful career, should establish a shabby little regional party, even his contributions to economic development could suffer."

The conservative CHOSON ILBO carries on page 3 an 800-word editorial entitled "What is Left of Mr. Kim Chong-pil." The editorial begins: "Mr. Kim Chong-pil, resigning as DLP chairman on 19 January, stressed to the reporters, 'I did not say that I will abandon DLP membership. I only said that I would resign as party chairman.' We see today's reality of politics in the behavior of Mr. Kim Chong-pil, who struggles to stay in politics in a manner unbecoming for a senior politician, unable to read the general trend of politics closing the era of the three Kims." The editorial then notes: "Irrespective of his controversial start as a politician, Mr. Kim Chong-pil does have his place in our society. He has a political force following him, and he has considerable influence in various circles. We are afraid that his resignation in this manner might lead such a force and circles to political conflict instead of bringing them together to the center of political and social influence."

The moderate HANGUK ILBO carries on page 3 an 800-word editorial entitled "The Resignation of Mr. Kim Chong-pil." The editorial notes three alternatives for Kim Chong-pil: first, retaining DLP membership and serving the DLP as a commoner; second, accepting a position, such as party adviser, and maintaining a position critical of the party, leading the old Democratic Republican Party faction and the estranged circles within the party; and third, giving up DLP membership and establishing a new party. The editorial doubts whether reconciliation between President Kim Yong-sam and Kim Chong- pil will be possible, and notes: "The situation could lead to circumstances in which the DLP leadership reprimands Mr. Kim Chong- pil or in which Mr. Kim Chong-pil deserts the DLP amid criticism and attacks between Kim Chong-pil and Kim Yong-sam bring out flaws in each other's past career, thus creating rows in the political scene."

The pro-government SEOUL SINMUN carries on page 3 an 800-word editorial entitled "The Resignation of the DLP Chairman." The editorial writes: "Mr. Kim Chong-pil's resignation as DLP chairman is an inevitable choice made in the party's pursuit of globalization and advancement for future generations. We do not intend to deny the contribution he has made to political development, but he should conclude his role now." The editorial notes: "We think it would be very undesirable if he rallies a handful of his followers and founds a new party, as he professed, for this could result in a small minority party adding confusion to the political scene." The editorial concludes: "Mr. Kim, who is resigning from the party chairman's post, should not create confusion, but remain in the party and contribute to the development of the country as a senior member of the party and an elder politician."

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial entitled "The Resignation of Chairman Kim and the Liquidation of the 'Coup d'etat-.'" The editorial begins: "The resignation of Mr. Kim Chong-pil as DLP chairman has in fact ended the 'three-party merger' system formed five years ago by the 16 May military coup force, the 12 December to 17 May new military coup force, and a branch of the conservative opposition force." The editorial notes Kim Chong-pil's recent moves to stay in politics by rallying his followers and trying to appeal to regional patriotism reveals his anachronistic political consciousness. The editorial concludes: "Many people think that the DLP leadership is removing only Mr. Kim and intends to maintain the three-party merger system. The DLP should be aware that this attitude means that the civilian government is abandoning its historical role and that such a scheme would be practically unworkable."

Conflict in DLP Over Kim Chong-pil Assessed

SK2001013795 Seoul THE KOREA HERALD in English 20 Jan 95 p 2

[By staff reporter Chon Si-yong]

[FBIS Transcribed Text] Kim Chong-pil's resignation as chairman of the Democratic Liberal Party (DLP) yesterday capped a frenzy of intra-party power struggles that have plagued the ruling party for the past several weeks.

It signifies that President Kim Yong-sam is successfully transforming the DLP, which he created along with former President No Tae-u and Chairman Kim in a three-way alliance five years ago, into his own party, political analysts said.

The analysts said that the chairman's stepdown, on the one hand, is sure to help President Kim put a firmer grip on the ruling party, boosting his leadership and solidifying discipline in the party ahead of the local elections scheduled for June 27 this year and next year's parliamentary elections.

On the other hand, the analysts said, Chairman Kim's resignation as the No. 2 man of the DLP forces upon the president two perplexing questions about the chairman's future actions and the subsequent effect to the political landscape, and about how he will fill the void vacated by the exit of the chairman.

The key element of the first question is about whether the outgoing chairman would, as he had threatened to do so this past week, eventually leave the party and start his own party.

President Kim's associates have been refraining from predicting any possible fallouts of the Chairman Kim's departure from the DLP.

But it seems certain that they worried about the possibility that the outgoing chairman, no doubt a political heavyweight in the country, may try to pull together political forces in opposition to the president, thereby slicing votes away from the DLP in the upcoming major elections.

Chairman Kim, while announcing his retirement yesterday morning, did not make a clear-cut statement on his future actions.

"I did not say I'm leaving the party," Kim said, only adding that he would go his own way. "I'll announce my position after the U.S. trip (scheduled for Jan. 21-25)."

But ruling camp insiders and many political analysts believe that Kim is playing a political game to buy time.

Kim also needs time to court support from more politicians, including DLP members belonging to President Kim's rival factions, he said.

A political analyst said that whatever the size of Kim's political forces may be, it would certainly deal a blow to the DLP in the upcoming elections. Kim enjoys a relatively high popularity in the Chungchong area and he is expected to try to join forces with conservatives and the so-called "TK (Taegu-Kyongbuk) region" where anti-DLP sentiments are running high.

Besides the adverse effect of Chairman Kim's retirement, President Kim faces another seemingly daunting challenge of finding the outgoing chairman's replacement.

Yi Won-chong, senior presidential secretary for political affairs, said that Chong Chae-chol, chairman of the DLP

Central Standing Committee, will lead the party as the acting chairman until the Feb. 7 national convention.

The President is expected to nominate the new No. 2 man of the party in time for the national convention, Yi said.

Neither Yi nor other insiders at both Chongwadae and the DLP gave the names of any possible candidates to the powerful post.

But Chongwadae Chief of Staff Han Sung-su presented three qualifications for the post: The new party leader should be able to stand aloof from intra-party factionalism, be capable of handling relations with the opposition well and lead the party in the pursuit of President Kim's globalization drive.

Han's remarks are interpreted as indicating that President Kim would not pick up any member of his faction for the sake of party harmony, political analysts said.

By talking about the capability to manage relations between the ruling and opposition parties and global outlook, Han also indicated that the new party leader will not be a newcomer, they said.

The analysts, however, said that President Kim will not tap anyone who enjoys strong political influence enough to challenge his party leadership in the future.

* DLP Old Faction Said Pressuring Kim Yong-sam

Need To Sharpen Political Skill

952C0038A Seoul SISA JOURNAL in Korean 3 Nov 94 pp 18-20

[By reporter Mun Chong-u]

[FBIS Translated Text] The opposition-introduced motion calling for dismissal of cabinet members was voted down in the National Assembly on 28 October. Few DLP [Democratic Liberal Party] assemblymen crossed over the party line to vote in favor of dismissal.

However, President Kim Yong-sam and the RDP [Reunification Democratic Party] faction [former members of the pre-merger opposition RDP] within the DLP were bruised so much in the course leading to the rejection of the opposition motion that they could not be too happy about the outcome of the vote. It is quite natural for the government party to support the cabinet which the president appointed and which the president refuses to dismiss. But the DLP leadership had to do things beneath their dignity to produce this very natural outcome.

Until the moment the motion came to a vote at 2 PM on 28 October, the DLP leadership looked worried. On 27 and 28 October Chairman Kim Chong-pil, Secretary General Mun Chong-su, and Floor Leader Yi Han-tong contacted "the recalcitrant assemblymen" belonging to the DJP [Democratic Justice Party] faction [former members of the pre-merger governing DJP] to persuade them. These leaders spent so much money to entertain them at dinner that reporters teased them, "Your wallets must be empty." Aside from this, members of each DLP standing committee and the group of assemblymen from each area dined together separately. According to rumors, the party leadership provided a generous sum of money for these occasions. Some belonging to the RDP faction even floated the argument that if the outcome of the vote should turn out to be bad, Chairman Kim Chong-pil and other party leaders would be compelled to step down, forcing the party to split.

Despite the all-out efforts of the party leadership to keep the house in order, the atmosphere inside the party was restless until the last moment when a vote was taken on the morning of 28 October. At the party caucus prior to the vote, some even meekly suggested that the party boycott the motion to vote. After many twists and turns, President Kim Yong-sam and the former RDP assemblymen succeeded in voting down the motion for the dismissal of cabinet members. But the maneuvering that led to this result will prove to be a tremendous burden in managing state affairs in the future because President Kim and the RDP faction have virtually come to admit that it would be difficult for them to take the lead on the political stage without the cooperation of the DJP faction.

At this moment, with one-third of President Kim Yong-sam's term in office gone, President Kim and the RDP faction are faced with a strong challenge from two heterogeneous groups, namely the opposition parties led by the DP and the former ruling forces inside and outside the DLP. The two forces are mounting their separate offensives against President Kim Yong-sam and the RDP faction.

Both of these two groups are criticizing the government for the settlement reached at the U.S.-North Korea negotiations and the collapse of the Songsu Bridge, but for different reasons. The opposition party attributes all the confusion in government to the dissipation of the government's determination to carry out reform. In respect to the U.S.-North Korea negotiations, how they would wind up was very obvious from the beginning, but our government zigged and zagged trying to read the minds of the conservatives and ended up being branded as a greenhorn by the international community. The opposition party holds that the government offended North Korea unnecessarily only to worsen North-South relations. With respect to the collapse of the Songsu Bridge and the series of other major accidents, the opposition forces argue that they were the results of the failure to liquidate the legacies handed down from the former military regime. The government, argue the opposition forces, should have tightened the reins of audit and inspection to control the entrenched interests which refuse to budge. The failure to do so has caused the government to creak, they say.

On the other hand, the old ruling faction criticizes the government from an entirely different angle. It argues that the president and his aides, hailing from the former opposition party with no prior experience in managing state affairs, clumsily tried to show some progressive facet, but has ended up in a great mess. With regard to the U.S.-North Korea negotiations, the faction argues that our government failed to take its stand and hovered while shackled by such abstract principles as peace and dialogue. As a result, says the faction, the government has received no material gains. According to its own experience, argues the old ruling faction, an effective weapon in dealing with North Korea is the whip, not the carrot.

Regarding the Songsu Bridge collapse, the old ruling faction blames the president's failure to place the right people on the right jobs. In this faction's view, the president and his aides were so absorbed in planting their own men in key positions in disregard of their administrative inexperience or lack of expertise that the administration of state affairs has been brought into confusion. It claims that the government has no one to blame but itself for its employees' inaction. The government, argues the faction, has extinguished "the morale of the great majority of wholesome bureaucrats" by unnecessarily going overboard for audit and inspection brandishing slogans against corruption.

The opposition forces and the old ruling faction also have come up with different prescriptions for remedy. The opposition parties want President Kim and the RDP faction to closely cooperate with them in the conduct of state affairs. They say they are ready to cooperate with the government party if it redoubles its efforts for reform. On 29 October, the day after a vote was taken on the motion for dismissal of cabinet members, DP President Yi Ki-taek held a news conference, during which he called for a summit meeting with President Kim.

The old ruling faction demands that the president use people experienced in government administration, namely, members of the former ruling party, in key posts. It argues that just as former President Syngman Rhee used pro-Japanese elements, President Kim should also enlist the services of men of ability by making no bones about their past. On 27 October, the day before the opposition motion for dismissal of cabinet members was put to a vote, DLP Chairman Kim Chong-pil held a breakfast meeting with DLP assemblymen from the DJP faction who were elected from the national constituency. At this meeting those present made a similar demand and Chairman Kim promised them that he would make a recommendation to President Kim on the basis of their suggestion.

Recently, the old ruling faction has suddenly stepped up their activities in demonstration of their power. Most of the key figures of the former ruling camp were present at the 15th memorial service for the late President Pak Chong-hui on 26 October. Present were former Presidents Choe Kyun-ha, Chon Tu-hwan, No Tae-u and others who held key positions under President Pak. Even Ku Chol-sung and some other old opposition figures were present. The gathering gave the impression that it was an assembly of the whole conservative forces. They proudly maintain that the past is not something that should be liquidated, but a chapter in history that should be cherished. In his commemorative speech DLP Chairman Kim Chong-pil said: "I have a lot to talk about, but I will be brief and won't say much. I bet you know telepathically what I wish to say."

The Society for Constitutional Government, a group of former National Assembly members, recently came out with the suggestion that former Presidents Choe Kyu-ha, Chon Tu-hwan, and No tae-u should initiate President Kim into the secrets of their unique experiences. This is to say that President Kim, who is proud of being president of the civilian government, needs to learn from the ex-presidents of the former military regime. It is noteworthy that personages of the former ruling camp have begun to demand this and that of President Kim, not stopping at trying to justify their past.

On 29 October the prosecution stayed a prosecution of all the defendants involved in the 12 December coup. This action frees all personages of the former ruling party from the fear of legal sanctions that has weighed heavily on them until now.

President Kim and the RDP faction cannot but be aloof from the moves of Kim Tae-chung, president of the board of directors of the Asia-Pacific Foundation, because he takes a stance indicating that he is ready to embrace not only the opposition forces but also the personages of the former ruling camp. His moves embolden this group to raise their voices.

The opposition parties and personages of the former ruling party say different things, but what they want is the same. They want President Kim Yong-sam and the RDP faction to share powers with them. President Kim and the RDP faction had to go out of their way to enlist the support of the DJP faction in order to vote down the opposition motion for dismissal of cabinet members. This presages a change in the landscape of political power.

In fact, following the collapse of the Songsu Bridge, President Kim and the Chongwadae Secretariat seemed a bit crestfallen. President Kim often said, "I will have no lingering attachment to popularity and I'll strive for substance." In the past President Kim was able to go forward conducting state affairs in the way he wanted, without having to bother about the pleasure of the opposition parties and the old forces of the former ruling party because he was confident that the public was behind him. But President Kim's remark "I will have no lingering attachment to popularity" certainly signifies a noteworthy change. It indicates that the president is losing his self-confidence.

On 27 October the Chongwadae revealed a Buddha's image installed in the Chongwadae compound to the public, apparently concerned about the rumor that "since President Kim Yong-sam, a Christian president, removed the Buddha's image from the Chongwadae compound, large-scale accidents have continued to occur one after another." However, political circles have shown a negative response. In their opinion, the Chongwadae should not have bothered about such a small matter as this kind of rumor. Generally speaking, the Chongwadae has been driven to the defensive, unable to deal with developments from a broad point of view.

Rising within the RDP faction is the call for self-reflection on how things have come to this pass. National Assembly Speaker Hwang Nak-chu said to the press during his recent news conference:

"After he was elected, Nixon called on Eisenhower. On that occasion, Nixon asked what the standards were in selecting a staff. Eisenhower replied, 'Pick unselfish persons.' Hearing this, Nixon slapped his lap with admiration." This is advice worthy of appreciation.

The speaker told this anecdote at a time when even within the government party there was an opinion strongly critical of the Chongwadae staff for appointing Deputy Mayor of Seoul U Myong-ku, who was partly responsible for the collapse of the Songsu Bridge, as new mayor of Seoul. His remarks may have been meant to imply that things got worse because the key presidential aides belonging to the RDP faction could not cast away their self-interest.

Those of the RDP faction who have no government or party posts are bitter in their criticism. They criticize that those senior figures of the RDP faction who are assisting the president "are so intoxicated with power that they forgot all about the days when they were nobody." They do not hesitate to say, "The greatest enemy of the president and the RDP faction is elements of the RDP faction itself." Said an assemblyman from the RDP faction: "Redistricting some administrative districts is a necessity for the future of the country. But it has ended up in a strange way because powerful figures in the RDP faction engaged in a free-for-all. Who would follow them if they manage state affairs in that way?"

Another assemblyman from the RDP faction said: "There is no guarantee of victory for our party in the forthcoming elections because of the collapse of the Songsu Bridge and the awkward way of handling its aftermath. The ugly sight of the Songsu Bridge will stand where it stands now when the local government elections take place next June. How could we ask the electorate to vote for our party's candidates? Who should be held responsible for this state of affairs?"

There are many dissenting voices heard within the RDP faction, but practically no one comes up with a prescription for a remedy. It seems that the hierarchy of the RDP faction is absorbed in trying to pass the buck to each other with the slated year-end party and government reshuffle drawing closer.

Anyway President Kim and the RDP faction have to try to read the minds of the opposition parties and the former ruling faction in governing the country as a consequence of the successive mismanagement of state affairs and the internal feud. In a broader perspective, the day seems to be drawing closer when the RDP faction has to worry about the question of wiith which forces it should collaborate to create the next administration.

Hope for Reform Viewed

952C0038B Seoul HANGYORE SINMUN in Korean 18 Nov 94 p 5

[By columnist Kim Kun]

[FBIS Translated Text] It looked like a bolt from the blue because it came when the whole affair seemed to have been settled. The event took its natural course, though. It came at a time when the old forces were taking a good stretch, ready to leap forward once again, now that their past seemed to have been buried in history. At this very moment came the offensive, namely the DP demand for the prosecution of the masterminds of the 12 December [1979] coup. By what the press described as a bolt from the blue or an foreseen development was meant the suddenness of the offensive. However, the unexpected offensive gained strength and support with the passage of time and at last has become the eye of a typhoon over the political stage. Now the offensive is so strong that it is next to impossible to deal with the political situation smoothly without coping with the essence of the DP demand in earnest.

The reason why the 12 December incident has emerged as an important political issue must delved into carefully. There must be some reason why the dying embers came to life once again. Ordinarily, it is impossible to make an issue out of a thing which the ruling party has disposed of and in which the press as a whole has little interest. When the DP first demanded the prosecution of the masterminds of the 12 December coup, not only the ruling party and the press but also the public showed little interest. That is why pushing through the demand seemed a very difficult proposition. But one would say that the DP demand began to gain strength after the DP overcame the press argument that both sides [the ruling and opposition parties] were wrong. The press laid blame for the inaction of the National Assembly on both the ruling and opposition parties, the protagonists of the political impasse. As expected, this attitude of the press was bound to put the DP on the spot.

The press stressed the importance of the National Assembly. But the moment the opposition party returns to the National Assembly, the 12 December incident would cease to be a focal issue. That is reality. Therefore, to demand that the National Assembly be called into session unconditionally or that the DP wage its offensive simultaneously inside and outside the parliament by returning to the National Assembly, is tantamount to demanding that the DP abandon its demand for the prosecution of the masterminds of the 12 December coup. That is why the DP convened a caucus to bitterly criticize the press argument that both the ruling and opposition parties were wrong. The opposition party flung down the gauntlet to the powerful press—it was really a rare sight to come across. Needless to say, despite the caucus, the press continued to put pressure on the opposition party, lamenting the idling of the National Assembly and the impotence of politics. But the pressure did not have much of a punch. A strange thing happened. Since the Sixth Republic, the press used to push the opposition party into a tight corner by blaming both the ruling and opposition parties whenever there was a big problem. But this time, the argument that both sides are wrong has proved ineffective.

Besides, the government party has been unable to muster looked-for support for its move to call the National Assembly into session without the opposition party. This may be closely linked to the phenomenon that the game of blaming both sides has lost its power. No matter how hard the DLP tries to show its determination to go alone and call the National Assembly session into session without the participation of the opposition party, the determination looks very hollow. That may be why the press lends little support to the argument of the DLP.

The public is the very force that has brought the 12 December incident into focus as an important political issue. In brief, the public is lending support to the struggle of the DP. It is primarily because of the cool response of the public that the argument that blames both the sides has been cast into the shade and that it has become all the more difficult to call the National Assembly session into session without the participation of the opposition party. This is not an ordinary development. It constitutes a basic criticism against the Kim Yong-sam administration.

This tendency is tantamount to calling into question the "inborn limitations" of the present government and its characteristics as "a quasi-civilian government." It should be taken as signifying that the public is immeasurably disappointed as their expectations on the civilian government' fades away. By advocating reform in its initial stage, the Kim Yong-sam Administration declared in effect that it was not one with the forces behind the coup.

That is why the entrenched interests deserted the present government, but the public came out in support of it. However, the public support did not last long. The reform program often took the form of targeted audit and inspection, and the corrupt elements of the Fifth and Sixth Republics were soon set free. Soon afterward security-oriented political maneuvering set in, derailing the reform movement, as the old forces regained power. Adding insult to injury, there was a political confusion and misgovernment, and the government lost much of public support as a consequence. From then on the public began to watch the Kim Yong-sam Administration closely to see whether it will end its term as an ally of the former coup forces.

The Kim Yong-sam Administration stayed a prosecution of the defendants in the 12 December case and forgave the masterminds, thereby throwing cold water at the lingering hope of the public. There are only two options left for the Kim Yong-sam Administration—either return to reform and recoup public support, or find satisfaction in compromise without carrying on reform while caring for the pleasure of the former coup forces. If the Kim Yong-sam Administration should remain in the bosom of the revanchists, the situation will become very difficult. With the letter of acquittal in their hands, the former coup forces will metamorphose brilliantly on the strength of money and organization. In this event, from the point of view of the democratic forces, it is highly possible that the target of struggle will become increasingly obscure and the forces of struggle will break up, with the anti-democratic order as it exists today remaining intact. Under these circumstances, the so-called democratization process, namely, shift from authoritarianism to democracy, would remain an unfulfilled task permanently. In the end the former coup forces might achieve a political success by using Kim Yong-sam's old tripartite merger card.

Health, Welfare Ministry's 1995 Policy Detailed

SK2001020095 Seoul THE KOREA HERALD (SUPPLEMENT) in English 20 Jan 95 p 1

[FBIS Transcribed Text] This year's health policy will focus on implementing a broad range of programs for the old, handicapped and needy people in an effort to prepare for a welfare society in the 21st century, said So Sang-mok, minister of health and welfare.

The ministry was renamed the Ministry of Health and Welfare following a revamp of the government organization in December intended to streamline state work and improve efficacy. Its previous name was the Ministry of Health and Social Affairs.

The ministry will encourage nongovernmental organizations and individuals to voluntarily take part in welfare programs and set up a systemized network to mobilize volunteers across the country.

Economy and welfare are two wheels of the same cart and a balanced development of the two is very important, So noted, adding that more important is to come up with effective welfare programs and set up a systemized network to mobilize volunteers across the country.

Economy and welfare are two wheels of the same cart and a balanced development of the two is very important, So noted, adding that more important is to come up with effective welfare programs "fit for the reality of Korea," instead of copying those of developed nations.

This year will mark the first year to set up welfare packages which have long been neglected by the nation's growth-oriented drives.

"A law aimed at providing aged people with comprehensive medical service will be enacted this year, a significant step toward a welfare society," the minister said.

The ministry plans to set up two medical centers devoted to treating a growing number of dementia sufferers and educate more medical workers and nurses to provide home visit services to patients with Alzheimer's disease.

The needy old people aged 70 and above were supported by the government with an age benefit of 15,000 won a month, which has been increased to a range of 20,000 won to 50,000 won since Jan. 1

Some 100 billion won to be drawn from the national pension fund will be lent to increase welfare facilities for the aged.

The policy will not seclude the aged from the society but to embrace them into a "cohabitation society." Job agencies to help old people seek jobs will be increased to 60, with labor facilities for senior citizens to rise to 401.

New public buildings will be forced to have facilities for the handicapped such as ramp access to entrance, wheelchair lifts and rest rooms for the disabled.

The healthcare reform packages spearheaded by a 25-strong committee last year are expected to produce results this year. So, the maximum days per year of insurance coverage have extended from 180 days last year to 210 days since Jan. 1, So said.

A nationwide medical network will be created to provide swift treatment to emergency patients and to emergency wards of large hospitals and medical centers will be expanded.

Hospitals will be provided with about 110 billion won low- interest loans from the fiscal investment and financing accounts to increase a total of 6,000 beds nationwide.

An additional 80 billion won fund will be spent to upgrade medical facilities in farm and fishing communities.

The ministry also tries to seek funds in a bid to give subscribers health insurance benefits when they use up-to-date medical equipment including computerized tomography (CT) and magnetic resonance imaging (MRI). Such benefits would be available beginning in the second half of the year, the minister said.

With the public health improvement law taking effect Jan. 5, a shift in health policies is needed to implement "preventive measures to reduce patients suffering from modern diseases" rather than infectious diseases.

To cope with the growing mental patients, the ministry plans to set up a 360-bed psychiatric institute in Chungchong Province and a 200-bed one in Kwangju City.

Health officials are moving to transfer the state control of those with the AIDS virus to nongovernmental organizations devoted to staging anti-AIDS campaigns on a step-by-step basis.

Minister So said an institute similar to the Food and Drug Agency of the United States will be set up to ensure the safety of imported food and drugs as well as those produced at home.

Instead of easing regulations on food companies, a recall system will be introduced as early as the second half of the year to call on firms making substandard food to collect their products from market shelves.

From July the pension system is to be expanded to some 2.06 million people from the rural community, pushing the total number of subscribers to more than seven million.

The Ministry of Health and Welfare was renamed from the Ministry of Health and Social Affairs following a revamp of the state organizations in December with an aim to trimming public servants and improve efficacy of governmental works.

In the process, the ministry cut one bureau and two divisions or 27 workers. It is to handle a budget of 1.98 trillion won this year, up 12 percent from a year earlier.

New Vice Foreign Minister Yi Si-yong Profiled

SK2001021295 Seoul YONHAP in English 0112 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—Ambassador to Austria Yi Si-yong on Friday was appointed as Vice Foreign Minister and Yi Chae-chun, dean for education and training at the Institute of Foreign Affairs and National Security (IFANS), as assistant vice minister for political affairs, the Foreign Ministry announced.

In a partial reshuffle of major ambassadorial posts, the ministry replaced Ambassador to Germany Kim Tae-chi with former Vice Foreign Minister Hong Sun-yong while reassigning Kim to Japan.

Chong Chong-uk, former senior presidential secretary for foreign and national security affairs, was appointed ambassador-at-large.

New Vice Foreign Minister Yi held posts related to the United Nations for over 10 years and played a role in developing the Asia- Pacific Economic Cooperation (APEC) forum by serving as secretary- general of the APEC ministerial meeting.

Yi also played a part in the adoption of a United Nations resolution calling on North Korea to abandon its suspected nuclear weapons program.

Born in 1937, Yi graduated from the political science department of Seoul National University and studied at Harvard University.

Yi served as a minister at the South Korean Mission to the United Nations and as ambassador to the African nation of Senegal.

President Kim Meets With 49 Leading Educators

SK2001105795 Seoul YONHAP in English 1044 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—President Kim Yong-sam met with Pak Hong, president of Sogang University, and 48 other leading members of the "conference of educators for the restoration of morality and for the education of democratic citizenry" at Chongwadae [presidential offices] Friday afternoon.

During the meeting, President Kim said it is a highly exigent task for the nation to restore the people's morality and cure the sick aspects of "our society."

The president called upon the attending educators to strive to restore fallen morality and better cultivate the sound senses of democratic citizens.

Kim said it is regrettable there still are some students who fail to properly understand liberal democracy despite the fact that the highest values "we should uphold are freedom and democracy."

"Globalization should begin with the reform of education so as to train genuine Koreans in the world," President Kim said.

Information Minister Views Importance of Ministry

SK2001074995 Seoul YONHAP in English 0651 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—Information Minister O In-hwan Friday brushed off opposition lawmakers' demands that his ministry be abolished, saying there are good reasons to retain the ministry as its status and character differ greatly from its predecessors in the past "unhappy and authoritarian era."

Attending a full session of the National Assembly Culture-Sports- Information Committee, O made the remark in reply to a lawmaker's question. "There is no Information Ministry in such advanced countries as the United States, Britain and Japan, but organizations (with different names) exist there whose functions are similar to those of the ministry," he pointed out.

Referring to his ministry's role, O said it informs the people about what the government does and helps reflect citizens' wishes in state policies.

He added that the ministry provides systematic support for the development of Korean journalism.

As to calls for scrapping the National Security Law, he said that "rather than scrapping the law first, it is more desirable for North Korea to abandon its scheme to communize South Korea and for both Koreas to foster an atmosphere of unification through dialogue."

Turning to preparations for full-fledged airing of cable television (CATV) programs, he said that broadcasting facilities and programming are under way as originally scheduled but the installation of transmission networks and supply of converters are being delayed.

He went on to say that his ministry will bare the entire picture of the government's CATV project and its progress around Feb. 10, adding that it will strive to have CATV broadcasters start regular service from March 1 as scheduled by cooperating with relevant government agencies and related businesses.

Answering questions on state plans to permit additional channels this year, the minister revealed that the government will permit a new channel on the air and correspondence university this year and also expand CATV station networks in small- and medium-sized cities.

In connection with improvement of the Education Broadcasting Station (EBS), he said the government is studying three alternatives for enhancing EBS programming—merger with the Korea Broadcasting System (KBS), turning it into a government-financed organization affiliated with the Education Ministry or making it an independent corporation.

"During the first session on the subject Wednesday, most participants favored having EBS merge with KBS," he said. "After a full discussion, the government will make a decision on the final fate of EBS this month."

Court Rules in Favor of Former Presidents

SK2001083895 Seoul YONHAP in English 0742 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—The Constitutional Court, examining an appeal against the prosecution's decision not to indict Former Presidents Chon Tu-hwan and No Tae-u and their followers on mutiny charges as provided for by the military criminal code over "the coup d'etat-like incident" of December 1979, ruled Friday that the statute of limitations for taking legal action against Chon was suspended during his presidential term of seven years, five months and 24 days.

In a plenary session presided over by Judge Hwang To-yon, the court also said that the prosecution's decision not to start legal proceedings against Chon and the others was proper and just, while scrapping a lawsuit charging Chon and his party with subversion on the ground that the statute of limitions in this case has run out.

These decisions close the mutiny and subversion case brought against Chon and his party by Former Army

Chief of Staff Gen. Chong Sung-hwa, ret., and other victims of the coup-like incident after one year and four months of prosecution probing and the Constitutional Court's 55-day examination.

Under the ruling, the legal deadline for Chon comes in April 2002 and that for No in December 1999 as his term in office was just five years.

In its ruling, the court said, "the non-liability privilege is given the president to guarantee smooth conduct of his special duties and meet the practical need of preserving the dignity and authority of the state.

"Though the constitution and criminal procedure law have no clear provision that the statutory deadline for legal action is suspended during the tenure of the president, the statute of limitations is suspended during the presidential tenure except for insurrection and foreign troubles."

On the prosecution's decision to stay prosecution of the defendants, the court ruled that the decision was "not arbitrary enough for the Constitutional Court to intervene."

As grounds for this ruling, the court said, "reasons for prosecution such as faithful liquidation of the past, a warning for the future, restoration of justice and meeting the popular sentiment of law carry great meaning. But the meaning of such reasons for non-prosecution as a prolonged social confrontation over the incident, a waste of national strength and damage to citizens' sense of self-pride can neither be taken lightly."

Judging on the request to apply the crime of insurrection, the court said, "the time for initiating the calculation of the statute of limitations for insurrection is Dec. 13, 1980, when the criminal act of insurrection ended.

"As the statutory deadline for legal action againt insurrection is not suspended even during the tenure of the president, 15 years of the statute of limitations expired as of Dec. 11, 1994."

Former Army Chief of Staff Chong Sung-hwa and 21 other camplainants filed an appeal with the Constitutional Court last Nov. 24 on the grounds that the prosecution decision not to indict the defendants involved in the case, while recognizing rebellion, was unconstitutional as it infringed upon the right to receive a trial.

Armed Forces Charged With Disaster Relief

SK2001021495 Seoul YONHAP in English 0108 GMT 20 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 20 (YONHAP)—The military has been assigned to conduct emergency rescue and relief missions in disasters such as earthquakes and floods.

A Defense Ministry source said Friday the Joint Chiefs of Staff established a standard operating procedure for emergency rescue and disaster control for all armed forces units last December.

Under this procedure, commanders of all military units are responsible for rescue and relief operations and disaster control in case a disaster due to force majeure or a large accident strikes the area under their operational control.

Consequently, military commanders must now prepare their units not only for war but also for disasters and are subject to inspections of such preparations, which include emergency rescue plans and troop training under these plans.

They must employ their troops for rescue operations and disaster control in case the local government in their area of responsibility requests help in a disaster.

The precedure is designed to prepare the military for immediate rescue and relief operations in calamities such as floods and big civil engineering accidents like the collapse of the Songsu Bridge last year, the source said.

Until the procedure was laid down, the military's rescue and relief operations in disasters had been a sort of military beneficence to civilians, but the procedure makes such operations one of the armed forces' key missions.

The military has thus taken a big step toward providing service for civilians under its reform program, he stressed.

Burma

Activities of Thai Minister, Delegation Reported

Than Shwe Receives Delegation

BK2001013295 Rangoon Radio Myanmar in Burmese 1330 GMT 19 Jan 95

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma], received visiting Thai Foreign Minister Thaksin Chinnawat and his party at the Ministry of Defense's Dagon House at 1000 this morning. Also present were General Maung Aye, SLORC vice chairman, deputy commander in chief of the Defense Services, and army commander in chief; SLORC Secretary-1 Lieutenant General Khin Nyunt; SLORC Secretary-2 Lt. Gen. Tin U; Foreign Minister U Ohn Gyaw; Protocol Department Director General Thura U Aung Htet; and Thai Ambassador Poksak Nin-ubon.

SLORC Secretary-1 Lt. Gen. Khin Nyunt received visiting Thai Foreign Minister Thaksin Chinnawat and his party at the Ministry of Defense's Dagon House at 1600 this evening. During the meeting, the Thai foreign minister expressed his interest in and held talks on longterm cooperation and the situation in Myanmar. The topics included bilateral cooperation, bilateral trade activities, and increased investment. He also noted that regional stability can be built on bilateral cooperation and friendly cooperation among regional countries. He also held cordial discussions on strengthening bilateral ties and increasing bilateral cooperation.

Delegation Departs 19 Jan

BK2001032195 Rangoon TV Myanmar Network in Burmese 1330 GMT 19 Jan 95

[FBIS Translated Text] A Thai delegation led by Foreign Minister Thaksin Chinnawat left Yangon [Rangoon] this evening.

The delegation was seen off at the airport by Foreign Minister U Ohn Gyaw, Thai Ambassador Poksak Nin-ubon, and officials from the Foreign Ministry and the Thai Embassy.

More Muslim Refugees Return From Bangladesh

Report on 2 Jan Arrivals

BK2001112095 Rangoon THE NEW LIGHT OF MYANMAR in English 8 Jan 95 p 6

[FBIS Transcribed Text] A total of 849 persons of 158 households arrived back at three reception camps from Bangladesh on 2 January under the agreement reached between Myanmar [Burma] and Bangladesh.

Among them, 254 persons of 44 households arrived at Taungbyo camp, 88 persons of 17 households at Ngakhuya camp, and 507 persons of 97 households at Kanyinchaung camp.

Altogether 135,618 persons of 28,051 households have arrived so far since 22 September 1992.

Report on 12 Jan Arrivals

BK2001122395 Rangoon THE NEW LIGHT OF MYANMAR in English 14 Jan 95 p 6

[FBIS Transcribed Text] A total of 704 persons of 137 households arrived back at two reception camps from Bangladesh yesterday [12 January] under the agreement reached between Myanmar [Burma] and Bangladesh.

Among them, 650 persons of 126 households arrived at Kanyinchaung camp and 54 persons of 11 households at Magyichaung camp.

Altogether 141,468 persons of 29,193 households have arrived so far since 22 September 1992.

Report on 13 Jan Arrivals

BK2001124095 Rangoon THE NEW LIGHT OF MYANMAR in English 17 Jan 95 p 6

[FBIS Transcribed Text] A total of 901 persons of 172 households arrived back at the reception camps from Bangladesh on 13 January under the agreement reached between Myanmar [Burma] and Bangladesh.

Altogether 142,369 persons of 29,365 households have arrived so far since 22 September 1992.

Brunei, Malaysia & Singapore

Malaysia

Radio Comments on ASEAN Peacekeeping Force

BK1901154595 Kuala Lumpur Voice of Malaysia in English 0810 GMT 19 Jan 95

[Station commentary]

[FBIS Transcribed Text] The proposal for an ASEAN peacekeeping force under the United Nations is both a practical and novel idea. Malaysia mooted the idea recently in efforts to complement peacekeeping efforts by the world body.

It should however not be misconstrued by those outside ASEAN as a means to prop up the region's defense forces. Instead, it should be seen in a positive light in view of the increasing conflicts around the world. An ASEAN force could possibly be more suited to keep peace regionally. The soldiers will be able to understand local conditions better, thus putting them in good stead to gain the confidence of the people.

One should bear in mind the failure of the US mission in Somalia and the anti-American stance of the locals. With a regular peacekeeping force, it will help ASEAN (?greatly) in dealing with other regional groups. One such example is possible cooperation with the North Atlantic Treaty Organization, NATO. Such a force will also lend more credence to the regional grouping, especially in the defense sector. By coming together, the six members can share their resources, which means the burden needs not be on any one country when it comes to peacekeeping.

Currently, Malaysia has committed itself significantly to peacekeeping under the UN banner. Its soldiers are serving in Bosnia, Somalia, and have increasingly been looked upon for further operations in other parts of the world.

It is encouraging to note that Singapore welcome Malaysia's proposal for such a force. The idea was first mooted last year in talks between Malaysia and Indonesia. Both countries have agreed to be the prime movers in selling the idea to the other ASEAN members. Of course, such a force will not take shape overnight but at least the wheels are in motion. Other ASEAN members should view the matter in a positive light. Even now the UN is looking to overhaul its peacekeeping mission in view that it has not met success in certain areas. Hopefully, an ASEAN peacekeeping force would fit into the world body's plan.

However, a regional peacekeeping force would have its obstacles which have to be overcome by the receptive ASEAN members. Different foreign policies might make it difficult for some countries [illegible] participate. As such, the idea, though novel, has to be thought out carefully. It has potential and this is where all impediments must be removed before it is formed. After all, if it becomes a reality, it will be yet a major contribution by ASEAN to global security. ASEAN was also responsible for mooting the ASEAN Regional Forum. The forum has been welcomy diverse countries as the United States and China.

This augurs well for it means yet another platform to discuss security issues and in th?cess, nip problems in the bud before they get out of hand or break out into open conflict. An ASEAN peacekeeping force would be indeed benefnot only for the region, but the world at large and therefore should be given a chance to work.

Army Reportedly Faces Recruitment Difficulty

BK2001090695 Kuala Lumpur THE STAR in English 20 Jan 95 p 22

["Comment" column by V.K. Chin: "Paying the Price for Country's Economic Success"]

[FBIS Transcribed Text] It seems one has to pay a price for everything, even success. Malaysia's economic achievement in the last eight years is the envy of many and several developing countries have expressed an interest to use it as a model. Unprecedented economic growth has led to many positive gains. The standard of living is higher and so is the quality of life. There is more wealth generated and people therefore have more spending power because they can earn high wages.

What is even better is that will all the new industries and companies being set up, Malaysia now enjoys full employment, according to international figures on this topic.

Given the situation, Malaysians have become rather choosy in the type of work they are interested in. For example, they are not interested in sectors where they have to sweat it out in the sun, preferring the comfort of air-conditioned offices.

They are also not interested in jobs where there is an element of risk and where the wages are not comparable to other employment. Foreign workers have to be employed to fill the gap especially in the construction, plantation and service sectors.

One organization which has been affected is the armed forces which is having difficulty in getting youths to sign up. This is causing some concern even though the number of soldiers have always been quite modest compared to other neighboring countries.

The Defense Ministry and the top military brass are scratching their heads to come up with a solution to fill the vacancies. One area actively under consideration is better pay and benefits for the officers and men.

Unlike the police, soldiers are not given life-long employment. While policemen retire from the service like other civil servants, soldiers served on short commissions or contracts.

After two stints or so, they will have to leave and those affected could either be in their late 20's or 30's. Those in combat units will therefore find it rather difficult to adjust to civilian life because they are trained to fight and not much else.

So life outside the army can be quite a shock as while in service they belong to one big family where most of their daily needs and welfare are looked after. But once they leave, they are on their own and it is only the Ex-servicemen Association which they can go to for guidance.

One way for the army to attract more recruits is for the schools to get the students to join the cadet corps where they are exposed to military training. The ministry should get some officers to talk to the students on the benefits of life in the army.

It is quite often those who are cadets who are likely to sign up on completing their secondary education. It is up to the army to get the students to be more interested in a military career through more interaction.

In any country where the economy is growing and jobs are plentiful, careers in the army and the police rank very low with school leavers. Recruitment for these two professions posses less of a problem in countries where there is economic and development hardship.

With the present situation, the ministry can use it to upgrade the academic qualifications of new recruits with better wages and allowances. Malaysia does not need a large army but rather one equipped with the latest weapons to defend itself.

Singapore

U.S. Reponse to Contempt Trial Criticized

BK1901144895 Singapore Radio One in English 1400 GMT 19 Jan 95

[FBIS Transcribed Text] The Ministry of Foreign Affairs said it is amazed that the U.S. State Department chose to ignore the facts in the trial of the INTERNATIONAL HERALD TRIBUNE and American lecturer Christopher Lingle. Both were found guilty of contempt of court this week for an article published last October.

In Washington yesterday, State Department spokeswoman Christine Shelly described the court's decision as unfortunate and the case was one of freedom of expression. Responding, the Foreign Ministry pointed out that the trial was held in an open court where all parties were represented by their own counsel except Dr. Lingle, who failed to be present. The legal proceedings were transparent and the facts and legal arguments showed clearly that the case had nothing to do with freedom of expression.

Cambodia

Attack on 'U.S. Military Personnel' Detailed

BK1901132495 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 19 Jan 95

[FBIS Translated Text] This is an additional report on the attack at Banteay Srei against U.S. military personnel of the U.S. military group in Cambodia:

I. On the morning of 15 January, U.S. military personnel of the U.S. military group in Cambodia were sent to survey the terrain from Siem Reap to Sre Noy via Banteay Srei as well as observe the situation around Phnum Kulen.

II. When they reached a point south of Banteay Srei, we attacked them by setting off mines and firing B-40 rockets, destroying a car and hitting two Americans. One was killed and the other was critically wounded. Two puppet colonels were also killed. Later, at 1800, a truck carrying some generals, colonels, and police chiefs from the 4th Military Region in Siem Reap came looking for the U.S. car that we had attacked. We set off mines on the road south of Banteay Srei, killing all of them. Therefore, those who reconnoitered the area for Ranariddh to go to Phnum Kulen were killed. Ranariddh himself nearly lost his life when he went to Phnum Kulen.

Sihanouk Cited on Extending Khmer Rouge Amnesty

BK1801122495 Phnom Penh AKP in English 1010 GMT 18 Jan 95

[FBIS Transcribed Text] Phnom Penh AKP January 18—His Majesty King Norodom Sihanouk said yesterday that he would prefer an extension of amnesty although the grace period provided by the law banning Khmer Rouge expired on January 15.

In his speech at a gathering to inaugurate a psychiatric ward at Victory Hospital in Ta khmau, Kandal Province, the king said Khmer Rouge were the obstacle to the national reconstruction but "we have always appealed to them to come to the nation's fold and told them not to wage a senseless war."

He also praised the government policy of national reconciliation to allow Khmer Rouge to come back, and appealed for national unity to wage a sense for national unity. "Union is mighty," he said.

The Royal Government has said that it would not extend amnesty but would continue to encourage defectors to join the government side.

"Those who defect before 15 January were given material assistance and the option of returning to civilian life or being integrated into the Royal Cambodian Armed Forces (RCAF) with the same rank," said a statement released by the Ministry of Information.

"Those who surrender after 15 January will not be entitled to material assistance nor will they be given the option of joining RCAF," it added.

The statement said that any Khmer Rouge military or political personnel captured by the government after January 15 would be automatically charged under the "outlaw law" and that those found to have committed crimes, (such as murder or destruction of state or private property) would be also charged with committing criminal offenses.

However it is reported that the Ministry of National Defence is now drafting a bill to extend the amnesty for an unsaid period for the government to submit to the national assembly.

"Due to the fact that Khmer Rouge guerrillas and people under Khmer Rouge control have met with difficulties and cannot defect to the government in time we would prefer to extend the amnesty for them for a period of time," a senior official at the Ministry of National Defence told AKP by phone, adding that the amnesty would not mean for urban Khmer Rouge elements.

Communique Says King To Visit Battambang

BK1901063095 Phnom Penh National Radio of Cambodia Network in Cambodian 0415 GMT 19 Jan 95

[Report on a communique of Sieng Lapresse, the Information Ministry's principal private secretary]

[FBIS Translated Text] Yesterday, 18 January, His Excellency [H.E.] Sieng Lapresse, the Information Ministry's principal private secretary, issued a brief communique as follows:

1. The delegation of the Royal Government of Cambodia [RGC] returned to Cambodia on 17 January and a communique was distributed to the media. The RGC delegation was led by Prince Krompreah Norodom Ranariddh, RGC first prime minister. The delegation comprised 40 members, including eight ministers, namely, Their Excellencies Ing Keat, Ing Huot, Veng Sereivut, Sok An, Yu Hokkri, Tea Chamrat, Cham Prasit, and Tav Senghuo.

Trade Minister H.E. Cham Prasit is staying on in Hanoi for at least another day, at the invitation of the Vietnamese trade minister, so as to conclude the details on trade between the two countries.

2. H.E. Ing Huot, Minister of Foreign Affairs and International Coopration, will pay a two-day visit to Laos beginning tomorrow. After that, he will leave for a visit to Brunei from 23 to 25 January and Indonesia from 25 to 27 January.

3. Australian Justice Michael Kirby, special envoy of the United Nations in charge of human rights issues in Cambodia, will arrive in Cambodia today for a nine-day visit. During this visit, Mr. Kirby will meet military officers, prison officials, and nongovernmental and human rights organizations in Cambodia. Tomorrow, Mr. Kirby will go to Chrei Thom, a border area adjacent to Vietnam, with the UNHCR and nongovernmental organizations. On Saturday, he will leave by plane for Siem Reap Province to inspect the provincial prison and the war refugees in Kralanh and Puok Districts. On Tuesday next week, he will meet with experts in refugee affairs. On 27 January, the last day of his visit, Mr. Kirby will pay a courtesy call on His Majesty the King.

4. Yesterday, Prince Krompreah Norodom Ranariddh went to Battambang Province to arrange His Majesty the King's visit this coming Sunday. After that the Prince Krompreah went to assess the military situation at Phnum Kulen and the areas recently seized from the Khmer Rouge by the Khmer Royal Armed Forces.

5. His Majesty will visit Battambang Province on Sunday, 22 January, and will probably return to Phnom Penh on 25 January. His main objective of this visit is to preside over the inauguration ceremony for Svay Don Kev bridge to be held on 23 January.

6. In Preah Vihear Province, at around 1100 last Monday morning, the Royal Government's forces seized an important Khmer Rouge base at (Srah Pralay), some 20 KM west of the Preah Vihear temple. The government forces have also reopened the stretch of Route 12 from Kompong Thom Province to Tbeng Meanchey [in Preah Vihear Province]

7. The National Assembly of the Kingdom of Cambodia will resume its session at the beginning of February, but the actual schedule is still not known. During the session, the National Assembly will discuss the amendment of the National Assembly's internal orders, the press law, and a law on trade.

8. A four-day seminar on the imprisonment issue will be held next Tuesday. The seminar is to be organized by the office of the UN human rights organization in Cambodia. Officials from the provincial prisons will also attend the seminar. The seminar will be held at the Cultural Center on the Preah Monivong Boulevard.

9. Concerning the incident which took place in Siem Reap Province on 15 January, the Ministry of Interior has already conducted an investigation into this matter, and anyone found to be involved in that event will face punishment. The body of Mrs. Hadden had already been cremated at the request of her husband. Mr. Hadden has said that he does not blame the authorities for the incident, adding that anyone may die anywhere and at any time. He also apologized for the annoyance he caused last week to the authorities there.

King Drops Call To Cremate Genocide Victims

BK1901154295 Phnom Penh AKP in English 0950 GMT 19 Jan 95

[FBIS Transcribed Text] Phnom Penh AKP January 19—His Majesty King Norodom Sihanouk has abandoned his idea to cremate bones of Khmer victims of the Pol Pot genocidal regime which have been displayed at Toul Sleng museum.

According to chief of royal cabinet Mr. Keo Putreaksmei, the king's acceptance to drop his request for bones-cremation was in response to a plea from the Cental Committee of the Cambodian People's Party (CPP) which needs to keep the bones as evidence of the genocidal regime.

Most of the Cambodian people wish not to burn the bones of the Khmer victims which are on display at Tuol Sleng museum because they want to maintain the history of Pol Pot's genocide against the people.

According to polls conducted in 16 provinces and cities throughout the country, only more than 10 percent supported King Sihanouk's idea to cremate human bones at Tuol Sleng, and 83.20 percent against the idea.

Ranariddh on Khmer Rouge Amnesty Extension

BK1901082595 Phnom Penh National Radio of Cambodia Network in Cambodian 0200 GMT 19 Jan 95

[Speech by Prince Norodom Ranariddh, first prime minister, at a meeting with the people of Preah Vihear Province in Tbeng Meanchey town on 18 January—recorded]

[FBIS Translated Excerpts] [Passage omitted] His majesty the king has always expressed his concern over the fate of all of you. He frequently says we must have peace now that we are suffering from serious natural disasters and the roaming Khmer Rouge [KR] bands. We still have war; although its intensity has ebbed, we still suffer from this protracted war, the scourge of our motherland.

Concerning the KR, I would like to avail myself of this opportunity to inform our compatriots that, in conformity with the correct, august initiative of our king regarding national reunification and national reconciliation and following the National Assembly's vote to outlaw the KR, the Royal Government [RG] has made appeal after appeal to the KR, urging them to return to the nation's fold and stop killing fellow Cambodians.

When I flew here just now, I saw with great anguish the new trails that these KR have built. What are these new trails for, venerable monks? First, they are to enble the KR to fell trees which are the natural resources of our Cambodian people. With them, they have cleared many forests. It was the first time that I have seen such devastation. I would therefore like to inform you of this, venerable monks. I also would like to pass on this information to certain people such as Sam Rangsi, who after leaving the RG has not stopped accusing it and the Khmer Royal Armed Forces of illegal logging activities. However, he has not said a word about the illegal logging activities of the KR. They indiscriminately cut trees—the natural resources of our nation—and sell them to the Thais. What have they done with the proceeds? Not of course to buy rice or to build schools, but to purchase arms ostensibly destined to fight Vietnam. While, venerable monks, they have said they hate the Vietnamese, they have been burning down only Cambodian homes. They hate the Vietnamese, but hundreds of Cambodian homes have been torched.

As his excellency the provincial governor has just said, they hate the Vietnamese but they burn down Cambodian schools, destroy Cambodian hospitals, and kill Cambodian citizens right in their houses. As you just said, they have abducted many government employees and subjected them to brutal reeducation and torture of all descriptions. Pol Pot's plan is to abduct government employees and give every 10 of them just a can of rice to eat and three bowls of water to drink per day—and we do not even know how big or how small these bowls are. So, this is the revival of the KR massacres, savagery, and persecution against innocent people whose wish is simply to have peace. Therefore, while they have cut trees and destroyed bridges and roads, such as this National Route 12, they claim to be waging a national liberation war. On the contrary, what national liberation is it when we have already held an election? Let me tell you, we have already held an election and achieved national union around his majesty the king, around our throne, around our national assembly, and around our RG born out of the people's will.

I would like to pledge, and our august king father and grandfather has also pledged, that we will stay with the RG and defend peace and Cambodia's territory at all costs. The KR are not the only ones to champion all of that. Venerable monks, I would like to inform you that I held talks with the Vietnamese yesterday. The Vietnamese have always insisted that talks should be based on the 1983 treaty. I told them that now we must renegotiate our territory, both land and sea teritory, and the Vietnamese agreed. They even agreed to use the 1:100,000 scale map prepared by the Indochinese Geographic Service in 1954-56 as a reference for the remeasurement of our territory. This is a result of my talks with Vo Van Kiet. When I met him at a tete-a-tete meal, he gave me his words and we also had them in writing in the joint communique. It was written that, first, we will keep the territory unchanged pending our renegotiation based on this map; second, from now on neither side must move the borderline; and third, Vietnam agrees to sign an agreement not to move the borderline, and neither Cambodians nor Vietnamese will be allowed to cross the border in order to grow rice on the other side. This is because at some places, some Vietnamese have been planting rice on our territory. Now, the Vietnamese have said they will stop growing rice and digging ditches in our land and will let the higher authorities solve the border problem. This problem will be solved by a bilateral technical commission. Vietnam further promised that as of today it will not permit any Vietnamese timber company to cut Cambodian trees. And Vietnam will not permit Cambodian rubber to be smuggled into Vietnam. Last, Vietnam promised to relax controls on transitting Cambodian merchandise. Vietnam, which has caused us many inconveniences over our transitting merchandise, now promises to faciliate passage of our transitting merchandise to Phnom Penh through the Mekong and Bassac rivers. This is the outcome of my delegation's talks with Vietnam.

As for Pol Pot, who has always advocated fighting Vietnam, what is he doing nowadays besides torching Cambodian homes, destroying Cambodian schools, and massacring Cambodian citizens?

For this reason, KR brothers in various provinces, also including Preah Vihear but particularly Siem Reap, Battambang, Banteay Meanchey, Kompong Thom, Kompong Cham, Kampot, Takeo, Kandal, and Kompong Speu, have deserted Pol Pot by the thousands—nearly 6,000 men in all—bringing along arms and families and returning to the nation's fold to live in the cool shade of the throne as part of our national reconciliation campaign. Such defections by the KR constitute a big success for the RG. I therefore would like to further appeal to the remaining KR to please return to the fold so that all of us together can follow our king father in rebuilding our nation into a glorious and prosperous country as in the glorious era of Sangkum Reas Niyum. [applause] [passage omitted]

Just now his excellency the provincial governor talked about the suffering of our people at the hands of the KR rebels. Although his excellency the governor of Svay Leu District contended that few defections were reported, I would like to inform you that throughout the country in all provinces many KR have returned to the nation's fold to live in the cool shade of the throne. In 1994 alone nearly 6,000 KR defectors were reported. With these defections, I believe that peace and security will be restored in Cambodia soon in response to the aspiration of the people and the sacred wishes of his majesty the king. What our RG wants the most is peace and nothing else.

Concerning the KR, I would like to appeal to KR groups living near here to please return to the fold even after 15 January. The deadline of the amnesty was set on 15 January and we have now exceeded this deadline by a few days. However, do not worry; just continue to cross over and I will always welcome you and ever teach you as Cambodian children. [applause]

I would like to say that we must respect the law as it has already been enacted. However, we will continue to reeducate the returnees and allow them to live with the people. Not only will we refrain from punishing you, but we will give you ranks and other rewards. So, I appeal to you to come over like those before you. In this way we will have peace. Our brothers have crossed over because of the open-door policy of our RG and the national reconciliation initiative of our king. [passage omitted]

Communique on Khmer Rouge Cabinet Meeting

BK1801155095 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 17 Jan 95

["Press Communique on the Meeting of the Provisional Government of National Union and National Salvation Cabinet on Monday 16 January 1995;" dated 16 Jan; place not given—read by announcer]

[FBIS Translated Text] On Monday 16 January 1995, the Cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly meeting under the chairmanship of H.E. Khieu Samphan, prime minister and national army minister, with the participation of all cabinet members.

The meeting listened to the reports of all the ministries. After a detailed discussion on every aspect, the PGNUNS Cabinet further realizes the situation of the old and new enemies and of the traitorous two-headed clique and has taken more political measures to further promote the struggle to save our nation and people.

1. The general situation of the traitorous two-headed clique and of the old and new enemies, which is already very bad, has deteriorated further in every sector. Politically, the force calling for genuine national reconciliation and peace, and for the end of the war of the communist Vietnamese aggressors so that the people have a chance to earn a living before starving to death, is gaining momentum and becoming more compelling, surrounding and dealing blows to the two-headed government in every direction. The traitorous clique, puppets Hun Sen and Chea Sim, out-and-out lackeys of communist Vietnam, have been increasingly opposed, struggled against, and rejected more resolutely by the entire Cambodian nation and people. This clique is very isolated in Phnom Penh and in rural areas to the point that when it is cornered, it shows the communist Vietnam's black fangs to threaten the king, political personalities, pupils, and students in Phnom Penh, and the entire Cambodian nation and people who demand an end to the war and genuine national reconciliation and peace, and who also oppose its warmongering and genocidal policy.

However, the more fascist and barbarous it becomes, the harder it gets stuck in death. This fuels the anger of the nation and people to oppose the clique even more resolutely.

Economically and financially, the traitorous two-headed clique has been further decimated. Socially, it has worsened for the clique. As a result of the communist Vietnamese aggressors' destructive war and of the four million Vietnamese nationals annexing Cambodia, millions of Cambodians are starving to death. In some areas, compatriots have also been decimated by malaria. AIDS is spreading even to hundreds of thousands of babies and children. Insecurity, robbery and theft, and illegal checkpoints are everywhere, seriously affecting people's lives. Compatriots live in a prevailing atmosphere of terrorism.

Militarily, the traitorous two-headed clique has suffered repeated defeats on all battlefields. It now lacks fighting troops. New soldiers cannot be drafted because the people are opposing it more resolutely. Their entire civilian administration have been successively smashed and swept up.

In sum, the traitorous two-headed clique is disintegrating in every sector and is at the throes of death. This is the result of the persistent struggle of our entire nation and people for over 16 years to save the nation, people, and race.

2. This traitorous clique has been dead for a long time. It has survived only through the support of all types of communist Vietnam's forces under the direction and organization of the committees of the Communist Party of Vietnam in Phnom Penh and Cambodia.

These committees receive orders from the political department of the CPV Central Committee in Hanoi with Le Duc Anh himself in charge. They lead all chapters and all levels of the party in Cambodia and the Cambodian People's Party, Vietnam's puppet, from top to bottom.

Apart from this, these committees also organize the Dac Cong [Vietnamese sappers] units and special police, which number one million. They are ready to suppress and destroy opposition forces and mass demonstrations in Phnom Penh to protect their puppet regime under the label of the two-headed government, which covers the forces of communist Vietnam.

Furthermore, it is these CPV committees that decide and implement the strategy to exterminate the Cambodian race through the direct use of the forces of communist Vietnam, the four million Vietnamese nationals, Vietnam's puppet party, and all levels of the administration, civilian and military, and Vietnam's puppets from Phnom Penh to villages.

All of these types of forces of communist Vietnam survive only because of the money and aid granted by the Western alliance to the two-headed government. Communist Vietnam is cheating the superpowers, dismantling FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and other forces. Only communist Vietnam and Vietnam's out-and-out lackeys are left to monopolize power in a very fascist manner.

What is the cause of this bad situation?

This is due to the very stupid policy of the U.S.-Australian-French alliance, which relies on communist Vietnam to stage an international coup to destroy the Paris agreement and set up the two-headed government by putting the rat into the cage of Vietnam, the cat. With proper implementation of the Paris agreement, with the withdrawal of all types of communist Vietnamese forces from Cambodia, with genuine national reconciliation, and with elections in a neutral atmosphere, there would not have been a situation as serious as this.

3. However, no matter how hard all the types of communist Vietnamese forces try, they certainly cannot save their puppets from disintegration. The traitorous clique, who has been selling off and killing the nation, cannot oppose the mighty and powerful force of national reconciliation and peace of our entire Cambodian nation and people. This clique is being bogged down deeper and deeper and are at the point of death.

If it persists in destroying national reconciliation and peace and continues to fuel the communist Vietnam's war to kill the Cambodian race, it will certainly face even more serious defeats until it vanishes finally.

4. There is only one way out, that is to abide by the profound will of the entire Cambodian nation and people. The entire Cambodian nation and people again and again demand genuine national reconciliation, national union, peace, and the immediate and definitive end to the communist Vietnam's war so that the people can earn a living in peace and avoid starving to death.

This is the persistent cry of the Cambodian nation people who have been victims for more than 16 years. Experience has shown that this is the only way to end the problem in Cambodia. Those who act against this will certainly be swept up and destroyed by the mighty and powerful force of peace and national reconciliation.

Monday 16 January 1995
Secretariat of the PGNUNS Cabinet

Khmer Rouge Seeks Ouster of Hun Sen, Chea Sim

BK1801110395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 17 Jan 95

[Unattributed Commentary: "Why Do Communist Vietnam and Its Puppets and Lackeys Oppose the Demand for Peace and National Reconciliation?"]

[FBIS Translated Text] Over the past few days, communist Vietnam has ordered its puppets and out-and-out lackeys Hun Sen and Chea Sim to issue threats that they will use brute force to oppose those demanding that power be handed to the king so that the latter can realize peace and national reconciliation.

It is to be recalled that on 27 December 1994, the Buddhist Liberal Democratic Party [BLDP] issued a statement calling for the end of the two-headed government and for power to be given to the king so that he will reconcile the nation and end the war. This statement was strongly supported by the people and masses in Phnom Penh, including some members of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia]. So why did communist Vietnam and its puppets oppose this demand calling for national reconciliation and an end to the war?

This is because Vietnam is annexing Cambodia, and so does not want Cambodia to have peace and national union. If Cambodia has peace, national reconciliation and unity, Vietnam cannot annex Cambodia. This is why it opposes the BLDP and the people and masses in Phnom Penh demanding for national reconciliation.

In short, communist Vietnam and its puppets not only oppose Democratic Kampuchea, which struggles to safeguard the Cambodian nation and race, but also those opposing Vietnam's strategy to annex Cambodia, and even the king.

However, our people and all Cambodian nationalists will not bow to the threat of communist Vietnam and its puppets and lackeys. We have clearly seen that if Cambodia does not struggle, it would not have survived till today, and Vietnam would have annexed it in 1979. However, if Cambodia struggles, it will survive, and it has to this day.

Now, communist Vietnam and its puppets are in great panic. They no longer have roots in rural areas, and are losing theirs in Phnom Penh. Only a handful of puppets are left and they are being surrounded and attacked in every direction. Cambodians should deal further blows to communist Vietnam so that it will die soon. Only when communist Vietnam's puppets and out-and-out lackeys Hun Sen and Chea Sim are gone can Cambodian achieve peace and national reconciliation.

Hun Sen's Promise of Armed Suppression Condemned

BK1701071895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 16 Jan 95

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation on 16 January; place not given]

[FBIS Translated Text] I. Recently, traitorous chieftains Hun Sen and Chea Sim—lackeys of communist Vietnam—rudely announced that they would use the Army to suppress any call for national reconciliation and peace, made under whatever forms and coming from whatever sources.

II. In so doing, they aim to intimidate everyone, including his majesty the reigning king, the MP's and ministers in the two-headed government, other political personalities, and the masses, students, and youths in Phnom Penh.

III. Our entire national community is seeing more and more clearly the extremely grave situation of a country falling down a deep abyss toward national extinction. For this reason, an increasingly stronger voice is heard calling for genuine peace, genuine national reconciliation, and an end to the war of aggressor communist Vietnam. It is also for this reason that traitors Chea Sim and Hun Sen—lackeys of communist Vietnam—announced in advance that they would use brute force.

IV. These two traitorous chieftains Hun Sen and Chea Sim have so rudely announced that they would continue to implement the fascist law that they and their bosses have cooked up since July 1994 to enable aggressor communist Vietnam to impose a dictatorial, monopolistic, and fascist rule on the masses in Phnom Penh and on the entire nation and people.

It is by this fascist law that in the most cruel and savage manner they have arrested, incarcerated, tortured, hacked, shot to death, assassinated, and silenced journalists and people in Phnom Penh. It is through this fascist law that they have expelled important FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] members from the cabinet and continue to suppress and assassinate members of FUNCINPEC and the Buddhist Liberal Democratic Party in Phnom Penh and various provinces, just as they did before and during the fraud-ridden UNTAC [United Nations Transitional Authority in Cambodia] elections. It is through this fascist law that they have suppressed, bullied, threatened, intimidated, and eliminated the students, youths, and masses in Phnom Penh at will, just as they did in 1991.

V. What do traitors Chea Sim and Hun Sen rely on? They rely on communist Vietnam, that is, on the Communist Party of Vietnam [CPV] committee governing Phnom Penh and all of Cambodia, which includes Political Bureau and Central Committee members functioning under the direct leadership of Le Duc Anh. This CPV committee commands a 10,000-strong Dac Cong [sapper force] and a special police force, keeping it on continuous alert for suppressive acts in Phnom Penh. Everyone knows that there are 3,000 Dac Cong and 7,000 communist Vietnamese soldiers and police officers in Phnom Penh, a total of 10,000 men for communist Vietnam to rapidly deploy for interventions inside Phnom Penh. The communist Vietnamese have set up this purely Vietnamese force to deal with special situations because they know that the they cannot rely 100 percent on the puppet forces to suppress and kill Cambodians. It is this force under CPV command that is leading in the implementation of the strategy to swallow Cambodia directly through the communist Vietnamese forces, the 4 million ethnic Vietnamese, the People's Party of the communist Vietnamese puppets, and their administrative authorities at all levels—namely, the Army, police, parliament, government, and administration reaching Phnom Penh to the villages.

In Cambodia, the communist Vietnamese forces live on the money and assorted aid given by the Western alliance to the two-headed government. These communist Vietnamese forces have cleaned out the Western powers and eliminated FUNCINPEC members and other elements, leaving behind only communist Vietnam and its puppets, with Hun Sen, Chea Sim, and Sar Kheng as the chief henchmen. They trample on and crush under their heels all other people, jabbing at or cutting the throats of anyone they wish.

VI. All of that does not mean that communist Vietnam and its puppets are strong, for they are being attacked from all directions by our national forces and people in Phnom Penh, in the countryside, and abroad, and they are suffering one defeat after another. They are like rabid dogs being chased to the edge of a deep chasm. These dogs still try to show their fangs, however, hoping to scare people away. Anyone who is scared will be bitten. Those who are not scared will beat the dogs and kick them into the chasm to their doom and destruction.

VII. The Provisional Government of National Union and National Salvation [PGNUNS], like the masses in Phnom Penh and our entire nation and people, categorically condemn the cruel, fascist acts of the traitors, of the lackeys of communist Vietnam with Hun Sen, Chea Sim, and Sar Kheng as chieftains, and has already condemned them for their heinous crime of selling out the country, victimizing the nation, and murdering the people. All of us, in Phnom Penh, the countryside, and abroad, have repeatedly called for an end to the war and for genuine national reconciliation and peace so that our people from all walks of life have a chance to work, make a living, and keep themselves and their families from starvation.

Our entire nation and people continue to unite further into a powerful force to deal more and heavier blows at traitors Hun Sen, Chea Sim, and Sar Kheng, kicking them down the deep abyss toward their total destruction in accordance with their extremely heinous crimes.

16 January 1995
The spokesman of the PGNUNS

Sam Rangsi Reportedly Facing Death Threats

BK2001023395 (Internet) SEASIA Listserv in English 18 Jan 95

[Unattributed article "published in the 8-9 January issue of Phnom Penh SAMLENG YUVEAKCHON KHMER, for the attention of the international press"]

[FBIS Transcribed Text] According to a source close to the Residence of the First Prime Minister, a birthday party was organized for Princess Norodom Marie Ranariddh on 21 December 1994 at the French restaurant "Le Pacha" in Phnom Penh with about 40 people attending the party.

At the main table, there were Samdech Krompreah Norodom Ranariddh, Princess Marie, Princess Norodom Bopha Devi (Ranariddh's sister), other members of the royal family and a few high-level FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] officials. Conversation was going on during the dinner. Suddenly, Prince Ranariddh rose his tone and made a singular remark which captured all his neighbours' attention.

He said half jokingly, half seriously: "Soon in Phnom Penh there will be a widow: Saumura! (It is the given name of [former Finance Minister] Sam Rangsi's wife, Tioulong Saumura presently Deputy Governor of the Central Bank.) I said in Phnom Penh but in fact she will have to go back to France because the Army will not allow her to remain in Cambodia." This statement caused some stupefaction at the First Prime Minister's table. Feeling some embarrassment, Prince Ranariddh tried to speak about something else. But Prince Norodom Sirivut cut him short and expressed his surprise: "Does it mean that somebody wants to kill Sam Rangsi?"

Prince Ranariddh answered: "Yes, it's true, but it is not me, it's the other side..."

One could detect some anger in the reply of Prince Sirivut. "Really? You should consider this matter seriously. Whoever is involved, you are the boss and above all, you are the Prime Minister. If something happens to Sam Rangsi, you must feel responsible..."

Prince Ranariddh looked surprised by Prince Sirivut's intervention. He wanted to say something but Prince Sirivut didn't let him put any word and went on speaking, despite an attempt from a person sitting also at the table (Chap Nhalivut, Ranariddh's half brother and Deputy Governor of Phnom Penh) to stop him in order "not to spoil the atmosphere."

[Sirivut said] "Sam Rangsi is a member of our Party's Steering Committee and he is also a FUNCINPEC MP. As long as I am the Secretary General of FUNCINPEC, I will not accept that a member of our Party is unjustly mistreated. It is not only for Sam Rangsi. I will defend any other FUNCINPEC member in the same way. If we want to do something to Sam Rangsi we should expel him from FUNCINPEC first. Then I will no longer care about his fate."

Prince Ranariddh seemed to be taken aback. He just left his table and moved to another table to keep the atmosphere joyful.

We have also learnt that one day before the above birthday party, the Second Prime Minister Hun Sen came to see Prince Ranariddh at his Residence. Among other things, they discussed the "case of Sam Rangsi". According to the very reliable source who gave us this information on condition of anonymity, Hun Sen, allegedly on behalf of the Army and the Police and on his own behalf, requested Ranariddh's agreement to eliminate Sam Rangsi. Ranariddh objected to that request, fearing "complications", but he had the feeling (which he wants Sam Rangsi to know) that Hun Sen is capable of deciding alone on this matter. In such case, Hun Sen would come to see Ranariddh again only to discuss ways to cope with the new situation following the implementation of his solely-made decision.

In line with the above meeting, another reliable source told us that just a few days ago, on 1 January 1995, a special murder unit has been instructed by Hun Sen to closely monitor all activities of Sam Rangsi (at what time does he leave and come back home, where does he go?....) and to stand ready to execute the final order.

Two Newspapers Charged With Civil Defamation

BK1801124395 Phnom Penh AKP in English 0953 GMT 18 Jan 95

[FBIS Transcribed Text] Phnom Penh AKP January 18—The Ministry of Information filed on January 16 civil defamation charges in the Phnom Penh court against two Khmer-language newspapers: SAMLENG YUVEAKCHON KHMER (Voice of Khmer Youth) and SEREIPHEAP THMEI (New Liberty News), said a statement released by the ministry.

The action, according to the statement, followed the publication of articles, about the first and second prime ministers, which were deemed to be (?defamatory), in SAMLENG YUVEAKCHON on 13 January and in SEREIPHEAP THMEI on 14 January.

"The ministry will not proceed with its earlier intention to suspend the two newspapers. It hopes that the defamation action—which is legal and internationally accepted—will encourage these and other newspapers to follow the media code of ethics and to be more professional in their reporting," the statement said adding that the action was not intended to limit press freedom where the press exercises responsibility and abides by the code of ethics.

The defamation action is being taken under the 1992 State of Cambodia (SOC) media law, article 32. The penalty (article 42) is a fine of 300,000 to 3 million riels or imprisonment of three to six months.

"The ministry has filed a civil claim, rather than a criminal claim, as the ministry does not want editors or journalists to be jailed," it said.

The Kingdom of Cambodia draft press law, which will replace the SOC media law, is currently being assessed by the national assembly's Commission on Foreign Affairs and Information, and is expected to be debated in the national assembly soon.

The ministry is also allowing OTDAMKEAKTE KHMER to resume publication.

EC Rehabilitation Aid Package Signed

BK1901145595 Phnom Penh AKP in English 0959 GMT 19 Jan 95

[FBIS Transcribed Text] Phnom Penh AKP January 19—The European Commission (EC) signed here Wednesday, 18 January, a U.S. dollar 80 million aid agreement with Cambodia as part of the European Rehabilitation Programme in Cambodia (PERC).

Yesterday signing ceremony was officiated by Cambodian Minister for Foreign Affairs and International Cooperation Ing Huot and head of the EC delegation to Cambodia Mr. J. Gwyn Morgan.

The U.S. dollar 80 million programme will be focused mainly on rural development, primary education, human rights and the reinforcement of the country's institutional capacity, according a press release.

On the rural development the proramme will focus on small and medium irrigation network improvement, establishment of credits schemes, agricultural skills training, the introduction of efficient technologies, potable water resources development, and the promotion of cottage industries in the provinces of Takeo, Prey Veng, Kompong Speu, Svay Rieng, Kompong Cham and Kompong Chhnang.

"To coordinate the implementation of the various components of the PERC," said the press release, "the European Commission has established, with the approval and support of the Royal Governement of Cambodia, a technical coordination office under the supervision of the EC delegation in Bangkok."

Indonesia

Further on Visit by Finnish President Ahtisaari

Suharto Hosts Banquet 19 Jan

BK2001014195 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 19 Jan 95

[FBIS Translated Text] Even though Indonesia concentrates on development issues, the country also pays attention to other issues in the region and other parts of the world. Indonesia also pays close attention to the situation in Europe, including in Finland. President Suharto made these remarks at a banquet in honor of visiting Finnish President Martti Ahtisaari at Jakarta's State Palace half an hour ago.

During the occasion, the head of state also praised the Finnish people who have decided to join the European Union. President Suharto expressed his confidence that under the leadership of President Martti Ahtisaari, Finland, with its tradition of hard work, will be able to achieve its aspirations. The head of state also expressed his hope that Finland, being a guest member of the Nonaligned Movement, will take part effectively in its activities to promote economic cooperation, preserve the environment, and solve the debt problem of developing countries.

The two leaders exchanged souvenirs before the banquet. President Suharto presented a Balinese kris and batik shirt while Mrs. Suharto presented a silver tea set, batik clothes, and books on Indonesia to the Finnish president, who in return presented crystal plates and bowls. The banquet was also attended by the vice president and Mrs. Sutrisno, the parliament speaker, chairman of the Supreme Advisory Council, and ministers of the Sixth Development Cabinet.

Suharto, Ahtisaari Attend Ceremony

BK2001083595 Jakarta ANTARA in Indonesian 0649 GMT 20 Jan 95

[FBIS Translated Text] Jakarta, 20 jan (ANTARA)—Minister State/Secretary Murdiono said in Jakarta today that President Suharto is scheduled to attend the international conference on social development in Copenhagen, Denmark in March. The meeting is organized by the United Nations.

Speaking to journalists after attending a ceremony during which Finnish President Martti Ahtisaari said goodbye to President Suharto at Jakarta's State Palace, Murdiono said that the two leaders will attend the conference.

"President Suharto has promised to meet the Finnish president there," he said.

At the farewell ceremony, the two heads of state agreed to improve the bilateral relations and to step up the exchange of visits between officials and businessmen of the two countries.

President Suharto said that the government will continue to support the private sector's participation in an effort to improve bilateral relations between Indonesia and Finland.

On Friday, the Finnish president will visit the Indonesia in Miniature Park, and the state museum.

On Saturday morning, Martti Ahtisaari is scheduled to play golf, and in the afternoon he will leave Jakarta for Thailand.

Minister Denies Plans To Buy Australian Rifles

BK1901145795 Jakarta ANTARA in Indonesian 0951 GMT 19 Jan 95

[FBIS Translated Text] Jakarta, 19 Jan (ANTARA)—Edi Sudrajat, minister for politics and security, says that ABRI [Armed Forces of the Republic of Indonesia] never had any plans to purchase Australian-made "Steyr" assault rifles as reported by the Sydney daily THE AUSTRALIAN last Tuesday [17 January].

Speaking to reporters at the Defense Department in Jakarta on Thursday, Edi Sudrajat said: "We have no plans to purchase assault rifles from Australia, whether in a great quantity or otherwise, because we have our homemade ones."

According to Edi Sudrajat, there has never been any intention whatsoever of purchasing assault rifles made by the Australian Defense Industry (ADI).

The minister added, however, that he would personally like to purchase one or two "Steyr" rifles. Edi Sudrajat said: "It is just for a collection. Buying one or two rifles is important for the purpose of making a study, but not for equipping the whole army."

According to Edi Sudrajat, the army has not had any complaints about the use of the Pindad SS1 assault rifle and there is no plan to replace the rifles currently in use.

Speaking about the Indonesian-made FNC assault rifle, for which a production license has been obtained from Belgium, the defense minister said: "The assault rifles we produce are good and are compatible with the posture of the armed forces troopers. The rifle is light and short."

The minister, formerly the armed forces chief, added that the ABRI may require weapons that Indonesia has not yet produced. This leaves open the possibility of purchasing such weapons from Australia.

Edi Sudrajat said: "We will definitely consider purchasing those weapons that we require but are not produced by Indonesia."

THE AUSTRALIAN daily, quoting the Australian Defense and Foreign Affairs Departments, said the amount of the sale of the "Steyr" assault rifles would total about 100 million Australian dollars, or approximately 170 billion rupiah.

The "Steyr" assault rifle is produced by the ADI. The production license was obtained from the Republic of Austria. The weapon is the Australian Army's basic weapon. The weapon is 790 mm in length. It has a standard weight of 3.6 kg without the magazine or 4.09 kg when fully loaded. The weapon is 5.56 mm caliber and has a firing capacity of 650 bullets per minute. The fire is either fully or semi-automatic while the telescope mounted on the body of the weapon has a magnifying capability of 1.5 times within the 45-300 meter range. The rifleman can discharge bullets without even taking aim at the target.

France Provides Loans for Airport, Other Projects

BK1901125495 Jakarta SUARA PEMBARUAN in Indonesian 19 Jan 95 p 5

[FBIS Translated Text] Jakarta, 18 January—The total amount of loans granted by France within the CGI [Consultative Group on Indonesia] framework amounts to 761.5 million francs [figure as published], or approximately 319.83 billion rupiah. This includes a soft loan for the extension of Ujungpandang Airport, the rehabilitation of the Curug Irrigation Pumping Station, x-ray equipment, and Rural Area Telecommunications (Phase V).

These loans are the outcome of talks held in Paris in December 1994 between France and the Indonesian Government, represented by Madam Buly O. Suryaatmaja, deputy head of Bappenas [National Development Board] in the Department of Foreign Cooperation.

This was stated in a press statement released by Bappenas and received by SUARA PEMBARUAN on Monday [16 January].

The loan for the four socioeconomic infrastructure projects is part of the combined loan.

A total of 590 million francs, or approximately 247.8 billion rupiah, has been allocated for the Ujungpandang Airport project while 75 million francs, or approximately 31 billion rupiah, has been allocated for the rehabilitation of the Curug Irrigation Pumping Station. Some 30 million francs, approximately 12 billion rupiah, has been allocated for the purchase of x-ray equipment while 60 million francs, about 25.2 billion rupiah, has been set aside for the Rural Area Telecommunications project.

Bappenas said that in view of the huge amount allocated for the expansion of the Ujungpandang Airport, the funds will be divided into portions; that is, one for 1994 and the other for 1995.

The French Government has agreed to provide the full loan amount of 950 million francs, or approximately 399 billion rupiah. The amount for 1994 will be 590 million francs and the remaining 360 million francs (151.2 billion rupiah) will be for 1995.

Existing funds for other projects have been limited in consideration of the huge allocation already set aside for 1994.

The Ujungpandang Airport project is aimed at extending the airport within the framework of satisfying the future air traffic flow and restructuring the airport in an effort to ensure greater flight security.

Priority has been given to Ujungpandang Airport because the airport forms the midpoint for the development of eastern Indonesia.

The loan will also be used in part to fund public works; in the construction of buildings; to purchase aerial navigation equipment and other special equipment; and to support infrastructure such as the provision of electricity, telephones, and waste water treatment.

An engineering design for the project, funded by France in 1993, is currently underway. The Directorate General of Air Communications will be responsible for implementing the project.

* Increase in Plywood Sales to Japan Forecast

95SE0073B Jakarta BISNIS INDONESIA in Indonesian 9 Dec 94 p 4

[FBIS Translated Text] APKINDO suggested that Indonesia has the opportunity to increase plywood sales to the Japanese market because it is expected that about 10 Japanese plywood factories will be closed this year. A. Tjipto Wignjoprajitno, executive chairman of the Indonesian Wood Panelling Association (APKINDO), verified a report that ten Japanese plywood companies will become new agents for Indonesian plywood after closing their factories this year.

"Yes, it's true, there is such a report," said Tjipto in response to questions from BISNIS during breaks in the meetings of APKINDO's Special National Congress (MUNAS) being held in Jakarta yesterday. If those ten plywood factories cease production, he said, Indonesia will have the opportunity to increase its plywood sales to Japan.

"But we haven't discussed with them how much of an opportunity will be made available," he declared.

According to our sources, the ten Japanese plywood factories closed down because they could not stand up to the increasingly stiff competition in the Japanese plywood market. Japanese factories depend on imported raw materials whereas Indonesia and Malaysia have their own raw materials.

"Raw materials for those ten plywood factories are imported from countries such as Malaysia, Papua New Guinea, and Africa," the source, who wished to remain anonymous, said during breaks in the meetings of APKINDO's Special National Congress. The source, who is knowledgeable about the Japanese plywood market, said that if those ten Japanese plywood factories cease production, Indonesia would have the opportunity to increase sales. However, he pointed out that substitute products, such as medium density fiber (MDF) particle board and preassembled houses are now also entering the Japanese market.

"Indonesian particle board is also entering the Japanese market," he said.

He also remarked that the Japanese market is seeking a product that meets Japanese standards but at a reduced price. "Indonesian plywood manufacturers must pay close attention to this," he declared.

APKINDO'S Special Congress, which concerns internal matters, is discussing the laws and by-laws (AD/ART) of the organization, especially those concerning membership dues. Tjipto said that it is time to review membership dues, which were set at 200 rupiahs in 1984.

"We've changed. That figure was put into the AD/ART but now it should be transferred to the executive committee so that we can be more flexible," said Tjipto.

Military Chief Says Navy Needs More Warships

BK2001034895 Jakarta ANTARA in Indonesian 1823 GMT 19 Jan 95

[FBIS Translated Text] Banjarmasin, 19 Jan (ANTARA)—Armed Forces Commander General Feisal Tanjung says that Indonesia still needs more warships, even though the Navy's fleet has been strengthened by the purchase of several warships from Germany.

"Geographically, two-thirds of our country is covered with water, so the 39 warships purchased from Germany are still not enough," Gen. Feisal Tanjung said after commissioning the KRI [Republic of Indonesia vessel] Lambung Mangkurat at the Trisakti Port in Banjarmasin on Thursday.

Gen. Feisal Tanjung said: "Ideally, Indonesia should have more warships to maintain the integrity of the Law of the Seas and protect the sovereignty of the state. However, this depends on Indonesia's financial situation."

He said that although more warships are needed, the procurement of the German warships is good enough for the present time. The next thing that the Navy should do is to try to utilize them professionally, effectively, and efficiently.

"I think that with the procurement of the 39 German warships the Indonesian Navy has become stronger," Gen. Feisal said, adding that when the country's treasury permits, more warships will be purchased.

KRI Lambung Mangkurat is a warship that belonged to the former East Germany, which was purchased by Indonesia from the Federal Republic of Germany.

The ship, which bears the registration number of Lambung 374, is 75.04 meters long and 9.75 meters wide and is equipped with various armaments. It was built in 1983 and renovated in 1993.

Protection for Computer Industry Ruled Out

BK1901125895 Jakarta SUARA PEMBARUAN in Indonesian 18 Jan 95 p 4

[FBIS Translated Excerpt] Jakarta, 18 Jan—Minister of Trade Satrio Budiharjo has said the government will not provide protection for the local computer industry, even though the industry's market share has been reduced.

The minister said this to journalists after opening a National Association of Indonesian Computer Manufacturers (Apkomindo) symposium in Jakarta on Tuesday, 17 January.

Earlier, Apkomindo General Chairman Sonny Franslay said that the market share for locally produced computers had shrunk by 25 percent compared to imported computers over the last two years.

He explained that of the 200,000 computers distributed in the Indonesian market in 1992, local products controlled 70 percent of the market. The rest was taken up by imports.

In 1994, locally produced computers captured only 45 percent of the market while 55 percent went to imported computers, with sales reaching 280,000 units.

According to Sonny, this is due to the entry of various internationally popular computer brands produced by multinational companies.

In view of this, he called on the government to assist local computer manufacturers by creating a conducive atmosphere for fair competition.

S.B. Judono added that Indonesian manufacturers should compete with one another. This is no longer the era of government providing protection to industries. There are many more market opportunities available to locally produced computers.

The industry minister said it is true that the computer industry is facing tough competition. Economic factors have caused the computer industry to falter. "In East Asia, big companies can continue to exist, but it is still uncertain whether they will last forever. History has seen many computer industries around the world go bankrupt."

The minister urged Indonesian manufacturers to look for new innovations. Apart from finding market in offices, hotels, hospitals, and other big organizations, they must try to sell computers for private homes. The demand for computers in Indonesia will continue to increase with the improvement in the economic situation.

"With the rising economic growth in Indonesia, more people are joining the middle class. They require computers, and there should be an aggressive promotion drive," he said.

Therefore, Indonesian computer manufacturers should not lack confidence in their products, because the market share for computers in Indonesia will increase sharply. The competition, however, will become tougher.

The minister said: "For this reason, marketing techniques should be improved."

Welcoming the minister's statement, Sonny said: "Still, we must find a solution to the 25 percent decrease in market share, because this is a huge reduction." [passage omitted]

Sonny said even though the market is mostly dominated by computers with foreign trademarks, sales of locally manufactured sets are expected to increase to 28 percent in 1995.

Editorial: Rescheduling of Debt Unnecessary

BK1901133595 Jakarta MERDEKA in Indonesian 18 Jan 95 p 6

[Editorial: "No Need for Rescheduling"—italicized passages published in English]

[FBIS Translated Text] It was a relief to see the statement issued by Minister/State Secretary Murdiono in which he said the government has no intention of devaluing the rupiah. The devaluation issue had caused temporary chaos in the Jakarta Stock Exchange and the New York exchange. The issue, which has been exploited by some stock speculators, has caused Indonesia to lose a large amount of its foreign exchange reserves. The situation is finally under control now and the chaotic situation has subsided. Any trepidation could be avoided if the public was not easily influenced by these issues that cause difficulty for the government and also if the bureaucrats did not irresponsibly discuss such issues, which could cause restlessness directly or indirectly among the public.

Undesirable situations can be averted in the future if everyone is willing to remain calm in the event of political or economic problems.

Indonesians have been taught and are equipped with the experience to face political and economic calamities.

The Indonesian mentality is not easily shaken by the economic problems that have affected the country on numerous occasions. This needs to be said because of the difficult situation and the unclear information provided by officials. Speculators will benefit from this situation given the unstable global economic conditions.

We can cite the example of Saleh Affif, coordinating minister for economy, finance, and development supervision, who stated at the Indonesia-Netherlands forum in Jakarta on Thursday (12 January) that the government should not yet reschedule its foreign debt repayments because the foreign debt situation has yet to reach a critical point and we are still able to make the repayments. Speaking at the same seminar, Affif also mentioned that the burden of foreign loans taken out by the private sector has reached $40 billion and that the government finds it difficult to keep the private sector from taking out such loans because of certain factors that could affect the inflow of foreign investments. He added that the Finance Ministry is repaying the high-interest loans of 1980 to the bank [not further specified] and the Asian Development Bank, ADB.

Had Saleh Affif said "not" instead of "not yet," then the problem would have assumed a different dimension. The effect was different than that of Mr. Murdiono's statement where he used the word "not" in refuting the rupiah devaluation. We all realize that the total amount of foreign loans—approximately $100 billion—has brought about a psychological impact and a burden on Indonesians, whose annual per capita income is barely $600. In addition to this problem is the private sector's foreign loans—$40 billion—and the government's inability to control the sector's management of these funds. Recently, the property business has become an outstanding issue with the *consumer society* amid the economic problems the society is facing. Despite the public's ignorance that foreign loans were taken out for the purpose of development, they realize that such loans will become structural funds and not just a *"complement."*

As long as the ratio between primary funds and complementary funds for development is balanced—for example, at a 20:1 ratio—we are confident that we will be able to make the scheduled repayments. Should the ratio fall to 9:1, the situation would become critical. Countries that depend on foreign loans as a source for economic activities will embark on a policy of "robbing Peter to pay Paul." In other words, foreign loans have taken the primary structural function and are no longer considered complementary. As such, a country will become what is called a *capital formation*, and that country will depend on foreign loans.

If news concerning the collapse of Mexico's economy caused restlessness among Indonesians, there was nothing that we could do to prevent such an incident from occurring. In such cases, foreign loans taken out by a country can provide support for the country's ailing economy. If contributors feel that the country's economic stability is shaky or being threatened, as was the case with Mexico, they are free to withdraw their contributions at any time. Such an action, however, will only result in *capital flight*. No government has the ability to control capital flight. As stated by Robert Z. Lawrence, an expert with the Kennedy School at Harvard University, with the presence of a wider global stock market a country will be deprived of its freedom to determine its currency rate. As such, a country with an economic policy that depends on foreign loans will eventually face difficulties. If our government can determine the exact amount of foreign loans taken out, no rescheduling is necessary. Hence, the public has no reason to be restless.

* Funds From Indosat Shares To Pay Foreign Debt

95SE0073A Jakarta BISNIS INDONESIA in Indonesian 9 Dec 94 p 1

[FBIS Translated Text] The government is accelerating payment of part of its foreign debt to the World Bank and the Asia Development Bank (ADB) by using the proceeds of sales of Indosat, Inc. shares on the New York market, which have reached $799 million. Minister of Finance Mar'ie Muhammad said that payment of part of the foreign debt was purposely accelerated in order to ease the burden of high interest rates on the APBN [National Budget].

He stated that the interest rate on the loans which will be paid off more rapidly is 11 percent or more on those foreign loans taken out between 1981 and 1983. Such a high (fixed) rate, said the minister, was also imposed on other debtor nations at that time.

The minister said that the loans which will be paid off more rapidly amount to $791.39 million, $426.05 million from the World Bank and $365.34 million from the ADB.

"Accelerating payment of part of those foreign loans will increase Indonesia's credibility in the international world," Mar'ie told members of the APBN Commission of the DPR RI [Republic of Indonesia Parliament] in Jakarta yesterday. He explained that funds to accelerate payment of those loans originated in the sale of some Indosat Inc. shares on the New York market (divestment), for which the government realized $799 million. At the same time, he said, funds from the sale of BUMN [State-Owned Corporation] shares on the local market (new issues) entered Indosat Inc.'s coffers in order to fund that company's development program.

The minister explained that the prepayment steps taken by Indonesia differ from those undertaken by Mexico and Brazil. "They undertook a debt equity swap. Whereas the prepayments which we made will increase our credibility," said Mar'ie. The receipt and expenditures of these funds, said Mar'ie, will be included in the APBN of the 1994-1995 TP [accounting year], and will be delivered by the government before the end of the 94-95 fiscal year.

"We should say why these figures were not included in second semester estimates. The reason is that the sale of these shares was not completed in New York until the end of October." In that way, he said, the APBN of the upcoming TP will increase by about another 1.7 trillion rupiahs. This figure will appear under nontax revenues, stated the minister.

Administrative procedures with the World Bank and the ADB have not yet been completed, he said. "This is especially true of the ADB, but completion is expected on 15 December, when a periodic payment comes due."

Meanwhile, Aberson M. Sihaloho, member of the DPR's APBN Commission, said that government companies (BUMN) have in fact been assigned the task of seeking out funds, including those realized by the sale of shares abroad.

* Chemical Industry Able To Make Weapons

95SE0062C Jakarta BISNIS INDONESIA in Indonesian 29 Nov 94 p 2

[FBIS Translated Text] Jakarta (BISNIS)—Indonesia's chemical industry has the capability to produce chemical weapons of mass destruction, although from the beginning the industry has never been oriented to that objective, Foreign Minister Ali Alatas said yesterday.

"We have capabilities for developing a chemical weapons industry, but from the beginning we have not had any intention of trying to go in that direction," Alatas said Monday [28 November] at the DEPLU [Department of Foreign Affairs] after opening a seminar entitled "Convention on the Use of Chemical Weapons in the Asia Pacific."

The seminar, which is to last until 30 November, is attended by 60 foreign participants from 33 Asia Pacific countries—representing governmental, military, and chemical industry elements—besides observers from western and eastern Europe, the United States, and Africa.

The seminar is to discuss issues related to the plan for implementing next year the Convention on the Prohibition and Destruction of Chemical Weapons (KPMSK) after ratification by at least 65 countries.

Signatories to the KPMSK, including Indonesia, are preparing for ratification and the creation of a national implementation board. It is hoped that through this seminar, participants can exchange views and experience regarding preparations for implementation of the KPMSK at the national level. This implementation is complex and involves civil agencies, the chemical industry, and the military.

Alatas said that DEPLU will take a number of steps to provide understanding and information on the contents of the KPMSK to the public. These will soon include a lecture to leaders of chemical companies belonging to the Indonesian Association of Producers of Basic Organic Chemicals (APKODI). He said the convention permits development of the chemical industry for peaceful purposes and bans the misuse of the chemical industry for purposes of war or the manufacture of chemical weapons of destruction.

Alatas said the convention, which required 12 years of discussion, was finally formulated at the disarmament conference in Geneva in September 1992. The United Nations ratified the convention in December 1992.

Philippines

Japan Asks for Revised ODA Project List

BK2001112495 Manila MANILA BULLETIN in English 19 Jan 95 p B-1

[FBIS Transcribed Text] Japan asked the Philippines to refine its project list for funding under the 20th yen loan package to include more projects related to social and environmental preservation activities.

Yasuaki Tanizaki, economic cooperation bureau director of Japan's Ministry of Foreign Affairs, yesterday said he has discussed the proposal to the country's economic managers.

"Philippine officials welcome our request and we will be grateful if they can submit (additional proposals) on time," he said.

Tanizaki leads a team of Japanese economic officials who are presently in Manila to discuss with local authorities the country wish list of 23 projects worth $2 billion to be funded by Japanese official development assistance (ODA).

"We have the impression that the Philippines' list of projects still has a lot of room for improvement," he stressed.

The list was submitted by the National Economic Development Authority (NEDA) to Tokyo recently.

Based on the list, Tanizaki noted that only two activities can be categorized as social and environment-related projects.

These are the water supply improvement and agrarian reform projects.

The agrarian reform project seeks to set up agrarian reform communities in 96 sites nationwide. The government is asking 5.5 billion yen for this proposal.

Most of the projects drawn up by the Philippine Government are infrastructure activities like rehabilitation of existing roads, construction of power stations, and the like.

Tanizaki explained Tokyo wants the Philippine Government to focus more on activities seeking to "distribute the benefits of economic growth."

"Our government wishes to put priority on social projects that will assure that the economic gains of your country will benefit majority of your people," he emphasized.

The loan package is an annual list of Philippine Government projects to be funded by Japanese ODA.

Finance Secretary Reports 1994 Fiscal Surplus

BK2001063395 Manila THE MANILA CHRONICLE in English 18 Jan 95 p 10

[Report by Leticia P. Perez]

[FBIS Transcribed Text] The national government (NG) yielded a P[Philippine pesos]12 billion fiscal surplus last year, its first fiscal surplus in two decades.

Finance Secretary Roberto de Ocampo yesterday told members of the Rotary Club of Makati that the fiscal surplus was due to a 28.7 percent increase in revenue collection, one of the highest in the country's post-war history.

The surplus was also due to savings in interest expense caused by a cut in debt levels and lower interest rates.

The surplus was a reversal from the programmed deficit of P4.7 billion for the year. With the NG surplus, de Ocampo said the total borrowings of the government collectively called the consolidated public sector deficit (CPSD), also improved.

In 1993, the CPSD was placed at P34.3 billion but this has gone down in 1994 to P7.32 billion. The programmed CPSD for the year was P37.7 billion.

Consistent with a 6.5 percent projected growth rate, a 6.5 percent inflation rate and the 10 percent-11 percent interest rate, de Ocampo said the fiscal sector must continue to perform strongly.

A higher NG surplus of P15.5 billion is projected. The NG, de Ocampo said, should collect P26 billion or 7.8 percent more revenues than it did in 1994. A lower CPSD of 2 billion or 0.1 percent of GNP is also projected.

"While the rosy 1994 actuals are cause for optimism that the 1995 targets are attainable, we should not be lulled into complacency and overconfidence," de Ocampo said.

De Ocampo said the case of Mexico should not happen to the Philippines, one reason why fiscal prudence is a necessary ingredient for the growth of the economy.

For this year, the finance chief said the government's budget assumes both legislative and executive measures to prop up fiscal prudence.

Among the measures are the implementation of the expanded value added tax which will generate P6 billion annually and the implementation of the 3 percent minimum tariff on Board of Investment registrants' capital good imports.

De Ocampo said the budget also assumes privatization proceeds to total P12.9 billion with the disposition of several big assets such as Pasar, the copper smelting plant; Food Terminal Inc.; and real estate properties held by the Presidential Commission on Good Government and Philseco [Philippine Shipyard and Engineering Corporation].

De Ocampo said the government is also bent on increasing fees and charges commensurate to the cost of providing services.

The finance chief said the government is aware that there are measures such as the Magna Carta for Exporters, incentive bills, extension of tax and duty-free incentives and amendment to income tax law which may erode the revenue base.

The revenue-eroding measures, the finance chief said, may in fact push the CPSD by P8.9 billion or 0.5 percent of GNP. There may be a 1.6 percentage point incease in inflation from 6.5 percent to 8.1 percent and 0.8 percentage point increase in interest rates from 11 percent to 11.8 percent.

To neutralize these losses, he said, revenue reforms must be reviewed. Among these are the alien legalization program adjustment in private motor vehicle tax, adjustment in excise tax on liquor and land conversion tax.

Foreign Investment Boosts Balance of Payments

BK2001111795 Manila MANILA BULLETIN in English 19 Jan 95 p B-1

[FBIS Transcribed Text] Heavy inflow of foreign investments, largely in loans and dollar remittances, has strengthened the country's balance of payments (BOP).

The Bangko Sentral ng Pilipinas [Central Bank of the Philippines] (BSP) reported yesterday that in the first nine months of 1994, the BOP surplus reached $971 million, a complete turnaround from a deficit of $842 million in 1993.

At this rate the BOP surplus is building up, the Philippines may end up with a net gain of $1.29 billion although the BSP preferred the more conservative estimate of $710 million in overall BOP surplus for 1994.

However, official statistics showed that there are red marks in the country's book of accounts for trade and financial deals with the rest of the world.

The current account for instance chalked up a deficit of $2.2 billion, mainly because imports are fast outstripping exports $5 to $1.

That yawning gap in current account is one of the symptoms of economic maladies that caused the crisis in

Mexico, economist and executive director of the Hong Kong-based think-tank Philippine Research Center Victor Abola said.

Abola, who is also a consultant with the Center for Research and Communications, said: "The Philippines is no Mexico ... But if the BSP does not change its policy favoring a strong peso, the conditions will be ripe for the country to do a Mexico."

He said a weaker peso will help correct the current account imbalance and boost exports, insinuating that the BSP let the peso drop in value against the U.S. dollar.

"It is high time the government realizes that not all foreign exchange inflows are equal. Some require repayment, while others not. Foreign loans entail expense and amortization while foreign investments require profit remittances and capital repatriation," Abola said.

Meanwhile, foreign investments booked under the BOP have been increasing, reaching $1.09 billion on a net basis or 149 percent over the $439 million in 1993.

Communists Declare Logging Ban in Mindanao

BK2001080095 Manila PHILIPPINE DAILY INQUIRER in English 18 Jan 95 p 17

[Report by Nico Alconaba and Jon M. Joaquin]

[FBIS Transcribed Text] Davao City—The National Democratic Front [NDF] has declared a logging ban in all of Mindanao's 23 provinces and 16 cities, expanding an earlier log ban in Northern and Southern Mindanao.

NDF-Mindanao spokesman Jorge Madlos, in a statement, said the declaration is "consistent with our national democratic program and the revolutionary movement's long standing commitment to preserve ecological balance in the interest of the people in Mindanao."

"We cannot rely on Gen. Ramos' reactionary puppet regime, as we never had a government before that truly protects our forests," Madlos said.

"Neither can we rely on the DENR (Department of Environment and Natural Resources) and other related government agencies nor on the military," he added.

The NDF in a statement 26 December last year imposed a log ban in Southern and Northern Mindanao only.

Davao City Mayor Rodrigo Duterte the other day lauded the log ban in Southern Mindanao and said it was one area in which he agrees with the NPA [New People's Army].

"I will join the drive," Duterte said, adding in jest that he would operate the electric chair to execute illegal loggers if the NPA wanted.

"They (NPA) get a gold cross in my book," the mayor declared. The NDF blamed the "imperialists and their cohorts under military protection" for Mindanao's forest denudation.

Madlos said small loggers and kaingineros [slash and burn farmers] "should not be used as scapegoat for the rape of Mindanao forests."

Duterte, meanwhile, said "small-time" loggers should be spared from the ban. He said a number of poor people resort to logging on a small-scale to earn a living.

Duterte said the NPA can take care of bigtime illegal loggers in areas that cannot be reached by government.

Thailand

Khun Sa Tells American Tourists Not To Worry

BK2001062595 Bangkok Radio Thailand Network in Thai 0000 GMT 20 Jan 95

[FBIS Translated Text] The Public Relations Office of Mae Hong Son Province reports on the issue concerning the U.S. Government's issuance of warnings to Americans not to travel to three northern provinces—Chiang Rai, Chiang Mai, and Mae Hong Son—because of possible danger from Khun Sa's ethnic troops. The warning says reprisals may be carried out by Khun Sa's troops after officials of the U.S. Drug Enforcement Administration, or DEA, in coordination with Thailand's Office of Narcotics Control Board, arrested 10 narcotics trafficking suspects last November. The suspects are believed to include some of Khun Sa's men.

Regarding this, a reporter stationed in Mae Hong Son Province has been informed by Khun Sa through high-level officials of the Mong Tai Army that the United States' issuance of warnings to American tourists traveling in the three northern provinces is an attempt to achieve political goals. The Mong Tai Army has never considered making reprisals or causing trouble for tourists travelling in Thailand, be they citizens of the United States or any other countries. Therefore, there is no need to worry about that.

Foreign Minister Briefs Media on Burma Visit

BK2001124395 Bangkok Voice of Free Asia in Thai 1030 GMT 20 Jan 95

[FBIS Translated Text] Speaking to reporters following his official visit to Burma, Police Lieutenant Colonel Thaksin Chinnawat attributed the minimal Thai investment in Burma to the wide disparity between the official and black market exchange rates, political instability, and a negative bias left over from the past. Hence Thai investors have no confidence in that country.

During the meeting with his Burmese counterpart U Ohn Gyaw, the Thai foreign minister proposed that the Thai

Government should provide information regarding Thai companies and entrepreneurs if requested by the Burmese Government.

The foreign minister also informed the Burmese side about the outcome of the second meeting of the Thai-Burmese Joint Commission last December, during which the Thai side agreed to provide a 300 million baht loan at an interest rate of 1.5 percent, at the request of the Burmese Government, to improve the 164 km road between Tachilek and Kengtung. This project is part of the Quadrangle economic development scheme which includes the improvement of road networks in Thailand, Laos, Burma, and China. The Thai Foreign and Finance Ministries will hold further consultations on the loan's conditions, such as the stipulation that the construction must be carried out by a Thai company, the tax privileges, and the collection of fees from goods moving from Thailand to the Chinese and Burmese borders. Such conditions will not create excessive pressure on the Burmese side; on the contrary, they will become standard practice in providing assistance to other neighboring countries.

As the official visit to Burma coincided with the fifth anniversary of the detention of Burmese opposition leader Aung San Suu Kyi, Police Lt. Col. Thaksin Chinnawat told the Burmese side that the international community wants to see early national reconciliation in Burma as well as the release of Aung San Suu Kyi.

Thaksin Condemns Cambodian Charges on Logging

BK2001143195 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 20 Jan 95

[FBIS Translated Text] The foreign minister has condemned the Cambodian Government over its accusation on trees felled illegally by Thais in Cambodia. He said he has urged Cambodia not to make such an accusation because Thais loggers have been granted concessions by the Cambodian Government.

[Begin recording] [Thaksin] I have been informed of this matter. Actually, the Cambodian Government granted the concessions to Thai businessmen-loggers. The logs which were transported into Thailand have already been assessed for duty by the Cambodians. This type of accusation is unacceptable. It must not be forgotten that Cambodia is in the present position because Cambodians keep destroying each other. The Cambodians must be more careful about their conduct. It is unacceptable to make this kind of accusation. In our previous talks, we agreed not to make accusations but to clarify problems that occur by consultations to correct any misunderstanding. This type of statement amounts to them not keeping their word and constitutes an act that creates confusion. It is very bad manners. [end recording]

The Thai embassy in Phnom Penh has issued a statement to counter the accusation by a Cambodian official about illegal Thai logging. The embassy said the Thai Government and officials respect Cambodian regulations. The ambassador refuted the accusation of Li Thuch, the Cambodian understate secretary for environment, who said every day logs are towed away by 300 Thai trucks. The envoy said the Cambodian Government has given its approval for the logs to be towed to Thailand.

Regarding this issue, the Cambodian Government has recently issued a ban on logging, though it has allowed felled logs to be towed to Thailand. Thailand has already closed at least 13 crossing points on the Cambodian border.

* Ing Huot Comments on Thai-Khmer Rouge Issue

95SE0066B Bangkok MATICHON in Thai 17 Nov 94 pp 1, 12

[FBIS Translated Excerpt] [Passage omitted] Mr. Ing Huot, the Cambodian minister of foreign affairs, announced his country's foreign policy. He said that Thailand must return General Sin Song to Cambodia. Cambodia has decided not to punish the nine Thais who were involved in the attempted coup and has given them permission to return to Thailand. Thus, Cambodia hopes that Thailand will return General Sin Song to Cambodia in response to Cambodia's gesture of goodwill. It's not a question of whether this is a political case, because a verdict has already been reached. Thus, Cambodia demands that Thailand return this criminal to Cambodia.

Mr. Ing Huot said that Cambodia will take steps to deal with the problem of Thai fishing boats entering Cambodia's territorial waters. Four patrol boats will be used to protect Cambodian waters. However, Cambodia will discuss this with Thailand first. The Thai Government is well aware of the territorial waters zone, but Thai fishermen may not be aware of this.

A reporter asked his view on the statement made by the Australian foreign minister, who said that some Thais are still supporting the Khmer Rouge. Mr. Ing Huot said, "I agree with that statement. He did not criticize the Thai Government. But there are certain Thai soldiers and businessmen who have major interests in the gemstone and logging industries." [passage omitted]

* Preah Vihear Governor Comments on Thai, KR

95SE0066A Bangkok SIAM RAT in Thai 21 Nov 94 pp 1, 2

[FBIS Translated Excerpt] [Passage omitted] Two days ago, Mr. Mian Sarin, the governor of Preah Vihear Province, Cambodia, said that it is thought that approximately 300 Khmer Rouge troops have temporarily taken refuge in Thailand, which shares a border with Preah Vihear Province located in northern Cambodia. Mr. Mian said he believes that these Khmer Rouge troops are receiving support from certain Thai soldiers whom the Khmer Rouge is paying to protect its interests. However, Mr. Ieng Muli, the spokesman for the Cambodian Government, did not confirm this claim. But during the past year, several Cambodian government leaders have criticized Thailand for providing refuge to the Khmer Rouge. Mr. Mian also said that the government is making plans to launch an offensive during the dry season to seize control of the Preah Vihear Temple and wipe out the Khmer Rouge's important bases in the jungles of Preah Vihear Province. At least 4,000 troops are presently stationed in this province. They are waiting for orders to launch this new offensive. This might get underway next month. [passage omitted]

* Ex-Minister on Chuan Style, Lack of Foresight

95SE0071A Bangkok THAI RAT in Thai 7 Nov 94 p 7

[Interview with Amnuai Wirawan, date and place not given]

[FBIS Translated Excerpt] [Passage omitted] [THAI RAT] What indications are there that the Thai economy will weaken? Many institutes predict that our economy will improve.

[Amnuai] There is uncertainty in private circles. This stems from the fact that the government has not been able to satisfy demand with respect to various basic services such as water, electricity, telecommunications, transportation, water sources, industrial estates, and roads. The infrastructure has not been able to keep up with the needs of the people and investment in the private sector.

If people feel that such things are lacking, in particular, if they feel that the administration is sluggish, this will damage the investment atmosphere. If people are unsure about the future, they won't invest today. If people invest today and expect to reap a profit in two years, they have to expect that they will be able to carry on activities successfully in a competitive environment on both regional and international markets. And to compete successfully, it's essential to receive support from the government in an efficient manner.

People in the private sector invest in a variety of things, not just one thing. After you invest in something, you have to be able to sell it and make a profit. Business investments are quite varied. Someone may start with building materials and then turn to developing land and housing. If some business activity generates concern and panic, people will turn elsewhere. If businessmen and investors in a country become alarmed and unsure about their investments, this fear will spread to foreign investors, too. This is because before investing abroad, foreign investors always discuss things with domestic businessmen.

[THAI RAT] Mr. Amnuai feels that confidence and trust are not things that can be forced on people. The government must take steps to build an image of promptness, correctness, and efficiency in administering the country in order to create an atmosphere of vitality.

[Amnuai] By itself, granting rights and benefits to investors is not enough to solve the problems. After taking all the factors into consideration, if they can still make a profit, they will see the benefits from relaxing things. In such cases, things that have been good may gradually decline, because good production stems from investment. Investments today will be realized 2-3 years from now. The products and services of today stem from investments made 2-3 years ago, not from recent investments. The problem is that during that 1st and 2d year, the investors don't have any products. And it depends on whether investment declines during this period.

A large number of Thais have invested abroad and so a large amount of money has left the country. Even though Thailand wants a free economic system and must support investment, this support should be aimed at increasing the benefits to us instead of simply allowing money to flow abroad. Money should be used to strengthen our domestic production potential. If we make a great effort here and we have surplus production capacity and surplus capabilities and the financial strength to invest abroad, that's fine. But we can't just send money abroad. That would be detrimental. Even though our large corporations are looking for ways to make a profit abroad, I feel that this could create problems for us in the long term, and Thailand's expansion may slow down.

[THAI RAT] What has caused people to view the government as being sluggish? Has this matter ever been discussed?

[Amnuai] It's been discussed very little. In view of the fact that we have a coalition government, what people need to do is sit down and discuss things as partners in the government. And this should be on the cabinet's agenda. This is very important in order to obtain various views and have clear policies on various issues. At the very least, people could discuss things after economic cabinet meetings, because they have lunch together once a week.

I once told the prime minister this. But it was not until after we had been working together for 7-8 months that I had a chance to really talk with him. Unfortunately, few people attach much importance to sitting down and working out a plan of action together. Besides this, at cabinet meetings, the cabinet rarely uses outside views to help make decisions. Thus, in administering the country, the government rarely mobilizes the opinions of others. Instead, each ministry simply submits items, like an entry pass.

Don't forget that from a business standpoint, a minister is like a super manager. There are 13-14 ministries. When putting something on the agenda for a cabinet meeting, even if it is an urgent and important matter, you have to get the views of the ministries concerned. If it concerns five ministries, nothing will get done, because each ministry will consider the matter for at least a month. Time is wasted like this on every issue. If something is important, the minister should be able to respond instead of having to question civil servants first. Because if you are the minister and don't know anything about that issue, why are you the minister? Isn't that right?

This is what we are used to, and because of this, we don't know the value of time. If we have to do things under the pressure of time, we have to know how to make good use of our time. We all know that we have only 2-4 years to govern the country.

I saw things being done like this and saw the prime minister establish a rule to the effect that those in charge of a ministry should handle things on their own. Matters requiring coordination would create problems. If the prime minister was not involved, they were to go ahead on their own. But those matters in which they weren't interested were neglected. Nothing was done. I told him that this management style indicated that he was afraid of the ministers. There were many issues that needed immediate attention, but things were sluggish. I told him that he might have to delve into things himself in order to speed up things.

I told him that he should prod those minister who were slow to act. But he said that he had deputy prime ministers in charge of all the ministries and that they could handle things. What he forgot was that each of the deputy prime ministers was responsible only for the ministries allotted to their party. They could not interfere in the affairs of other ministries. Take economic affairs, for example. I couldn't prod the Ministry of Finance or the Ministry of Industry. Thus, the work encountered problems, and there were conflicts.

Solving the traffic problem is another example. No decision has been made on how to solve this problem. It has been ignored to the point where it is difficult to take action. When a problem arises, if we think about what might happen if nothing is done to solve the problem, we must formulate a plan. But we are fooling ourselves, which is something that politicians like to do. For example, we can see that inflation will become a problem and that the price of goods will increase. But we try to fool ourselves into thinking that when inflation becomes a problem, we will step in and control the price of goods.

We need to focus on the immediate problems. We should stop doing things this way, particularly in a world without borders. Today's world war is a war for money. If the government focuses only on solving the immediate problems instead of mobilizing our brain power and making good use of the time remaining or thinking about the future, that will be the end of everything. No one will have the confidence to invest in order to expand production and services. That includes both Thais and foreigners.

When money can flow in and out easily like water, the government must find a way to deal with this internally, because governments can deal only with internal mechanisms along with announcing their investment potential. Thus, those who have money to invest may decide not to invest in Thailand if they don't think they will get a good return on their money in the future. Whether we succeed or fail depends on the government. The government can no longer let the BOI [Board of Investment] or the private sector handle things alone.

Other countries are very concerned about competition, but we don't feel that we have to compete with them. Even though our rate of economic growth is good, others are beginning to take things away from us while we simply continue announcing that we will become the financial and trade center of this region. But while we just issue announcements, other countries are taking action.

If there is little investment to expand production and services or if the old methods are used in computing the production growth figures, this will affect our economic growth. For example, in urging people to invest in cement plants, the government knows that there won't be more than two plants. But if 10 investors show an interest in investing 4 billion baht each, the government announces that investors have expressed an interest in investing 40 billion baht in this project. And this will become an important problem amidst competition on international trade markets. Economic expansion means keeping a social ledger. A social ledger does not have receipts. If you want to know something, you have to take a survey to determine how much rice, steel, and clothing is being produced. The only way for people to determine how things are going is to see if incomes are increasing or decreasing and if people have enough to live on. If the majority of the people in the country don't have enough to live on, then things must be reviewed.

I hope that the government will review its methods of administering the country, because the issue of confidence, which affects the economic system in general, is up to the government.

The people want a government that is capable of making quick decisions and that dares to act. They are for the government and hope that it will score clear achievements. They don't want it to wait because it can't make a decision or act resolutely. Actually, in making decisions, you must be resolute. People can't oppose that. If disputes do arise, things must be analyzed to see if these involve personal problems or interests. If this involves a major issue and the country is collapsing, decisions must be made and steps taken to solve the problems. But if the only purpose of the dispute is to detract attention from other things and prevent decisions from being made, the government will be just an aerobics dancer.

Working Group Redefines 'Alien Business'

BK2001052695 Bangkok THE NATION in English 20 Jan 95 p B1

[FBIS Transcribed Text] The private sector has approved four proposals from a working group led by Dr Surakiat Sathianthai of Chulalongkon University to redefine the term 'alien business' relating to voting rights under the Alien Business Law being amended. Whether or not there is an increase [in] capital, the voting rights of foreigners would not automatically rise. The voting rights will not be part of the definition of the alien business. If the foreigners want more voting rights they need to seek approval from Commerce Ministry on a case by case.

The benefits under Amity Treaty for US companies will be preserved under a special annex when the alien business act is amended. But this does not apply to new US companies in line with the WTO [World Trade Organization] rules. BOI [Board Of Investment] promoted companies will get all privileges until the terms expired. The Federation of Thai Industries will have a representation in the working group to be formed to draft the law.

* Daily Describes IPR Court Administration

95SE0071B Bangkok DAILY NEWS in Thai 31 Oct 94 p 5

[FBIS Translated Excerpt] [Passage omitted] The Ministry of Justice included the establishment of intellectual property and international trade courts in the 3d Court and Ministry of Justice Development Plan, 1992-1996. The government of Chuan Likphai approved this and announced this as a government policy. It also granted permission to establish a committee to consider the establishment of these courts. This committee has 22 members and is headed by Sophon Rattanakon. It has the authority to stipulate suitable forms and to draft the laws necessary to establish intellectual property and international trade courts and submit them to the cabinet. The draft act establishing these courts was approved on 6 September 1994.

These courts will be divided into three levels, that is, a central court, which will be responsible for Bangkok, Nonthaburi, Pathumthani, and Samut Prakan, and regional and provincial courts. If such provincial courts have not yet been established, intellectual property and international trade case sections can be established within the provincial courts.

Intellectual property and international trade courts have the authority to try criminal and civil cases in accord with the Trademark, Patent, and Copyright Law and articles 271-275 of the Criminal Code; disputes based on technology transfer agreements; civil disputes concerning sending goods or financial instruments to or from Thailand, such as disputes based on trade, exchange, rental, and buy-sell agreements, contracts for the production of goods, and transport agreements; and cases concerning providing international services and providing credit and services by commercial banks or other financial institutions concerned with international trade agreements, such as providing letters of credit, sending money into or out of Thailand, providing trust receipts, and insuring these activities.

These courts will also have jurisdiction in civil cases concerning the enforcement of decisions by arbitrators in the disputes mentioned above, cases concerning market dumping, cases having to do with supporting the export of goods or services and free trade zones, and civil or criminal cases that royal acts and decrees have designated as being under the jurisdiction of these courts. This does not, however, include cases under the jurisdiction or authority of the youth and family courts.

Each court must consist of at least two judges and one associate judge who is an expert on intellectual property and international trade matters. These will be appointed by the king. A judiciary committee will, in accord with the Law on Regulations for Judicial Officials, select judges based on the criteria and methods stipulated in ministry regulations. They will be appointed to a 5-year term.

Besides this, there is another way to try cases. That is, if it is feared that the evidence might be destroyed or that it might be difficult for witnesses to appear in court, the court can order that the witnesses and evidence be examined prior to filing charges. And in emergencies, the court can order the seizure of those documents or materials that will be used as evidence and examined prior to filing charges. This can be done in accord with articles 267-269 of the Civil Code. The court also has the authority to require experts to give their views in order to help the court render a decision.

The decision or order of the court can be appealed directly to the supreme court. [passage omitted]

* Nepotism Said To Hurt Officer Quality

95SE0064A Bangkok NAEO NA in Thai 28 Nov 94 pp 1, 7

[FBIS Translated Excerpt] [Passage omitted] General Wimon Wongwanit, the army commander-in-chief [RTA CINC], talked about the examinations administered by military academies. For every 100 entrants, they are required to accept 40 who are children of soldiers or policemen and 60 who are outsiders. Because of this, many of those selected to attend military academies do not meet the standards. This is because the average standard for the children of military personnel is 13 to 1. But for the children of other people, it is 60 to 1. The military proposes that support be provided by awarding bonus points but that all applicants be required to take the same test. There should not be any quotas as there are at present.

In the past, almost all cadets at the military academy were the children of military personnel. Some of these had an average grade of less than 2.5. Cadets at the military academy must study both theory and practice. The quality of the graduates is not as good as it should be. Gen. Wimon called a meeting to discuss asking the Defense Council to repeal the existing Defense Council resolution.

A news source said that at the meeting, people agreed in principle with the views of Gen. Wimon. That is, the regulations for selecting cadets should be improved. Because in the past, 60 percent of the cadets who are children of military personnel earned lower grades than the children of civilians. The problem is, those students can't keep up, because before entering the academy, they weren't in the science stream. Thus, they are not good students. Some have to leave before finishing, which is a waste of money.

General Prasoet Sarut, the under secretary of defense, said that he is sure that the Ministry of Defense will revise the Defense Council regulations as suggested by the military, because that will help improve the quality of our military personnel.

Admiral Prachot Siridet, the navy commander-in-chief [RTN CINC], said that even though the existing criteria have been in use for a long time, they can be changed. With respect to the children of military personnel who take the academy entrance examination, the navy's policy is that they must meet the minimum standards so that they will be able to make it all the way through and not have to drop out halfway. Once the minimum standard has been set, they must meet that standard. The remaining slots can go to civilians regardless of the agreements. The navy feels that the old criteria do not benefit either the applicants or the navy. Both lose.

The RTN CINC said that in the past, the Ministry of Defense felt that because soldiers make sacrifices for the military and the nation, they should be compensated. But from now on, we will have to see how appropriate this is and whether large number of children of military personnel should be allowed to enter the military. This is not a major problem. It can be solved.

General Wimon Wongwanit, the RTA CINC, was interviewed about having civilians and children of military personnel take the same test. He said that the reason why he proposed that is that in the past, a certain percentage of slots at the Chulachomklao Royal Military Academy were reserved for the children of military personnel. That is, it was stipulated what percentage of the class would be children of military personnel and what percentage would be children of civilians.

"I have pointed out that setting percentages like this is discriminatory and results in estrangement. We are all Thais and so everyone should be treated equally. Thus, the children of military personnel will be given bonus points only, but they will have to take the same test as others and no quota will be set as in the past. Good students will be admitted. It won't be necessary for them to be the children of soldiers. Doing things this way will enable us to select good-quality people. Everyone must be liberal-minded about this. There shouldn't be any problem revising the Defense Council resolution. All branches of the service will do this. All branches of the service feel the same as I do about this," said the RTA CINC.

Vietnam

Spokesperson on Liaison Offices, POW's, Monks

BK1901153095 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 19 Jan 95

[FBIS Translated Text] The Vietnamese Ministry of Foreign Affairs held a regular news conference at the Government Guest House this afternoon, 19 January.

Mrs. Ho The Lan, the Ministry of Foreign Affairs spokesperson, announced that Vietnam last year broadened its foreign activities to strengthen and develop its bilateral and multilateral relations. This began with neighboring countries and countries in the Asia- Pacific region and extended to the improvement in Vietnamese-U.S. relations, the continuation of fine relations with Western and Northern European countries, the elevation of the time-honored relations with Eastern European countries and the countries of the former Soviet Union to a new step, and the broadening of relations with countries in the Middle and Near East and Latin America. These positive activities have helped to improve Vietnam's reputation and strengthen its external economic activities. Vietnam has already established trade relations with more than 100 countries and territories. Its exports reached $3.6 billion last year while imports were valued at $4.5 billion.

Regarding the opening of liaison offices by the United States and Vietnam, our Foreign Ministry says the two sides are urgently discussing the last technical issues [nhuwngx vaans deef kyx thuaatj cuoois cungf] so that the offices can be opened before February this year [sex dquocj khai truowng truowcs thangs hai neam nay].

Answering a REUTER correspondent's question about a report from Western sources that U.S. prisoners were tortured during the Vietnam war, Mrs. Ho The Lan denied this false information.

In relation to the Buddhist monks Thich Huyen Quang and Thich Quang Do, the Foreign Ministry spokesperson once again affirmed that in Vietnam there is no religious oppression in general, and no oppression of Buddhism in particular. The Vietnamese Government always respects people's freedom of religion, but extreme activities such as encouraging division and causing disruption to social order and safety will be condemned by the public.

Many national and international correspondents attended the news conference.

VNA on Opening Liaison Offices

BK2001080795 Hanoi VNA in English 0723 GMT 20 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 20—'Vietnam and the United States are finalize technical issues including diplomatic property and personal claims to complete necessary procedures for the opening of liaison offices in each other's capitals late this month,' said Ms. Ho The Lan, spokesperson of the Ministry for Foreign Affairs.

She was speaking in a regular press conference held here yesterday. On the news about hundreds of American prisoners of war tortured or killed in the 1966-1972 period during the Vietnam war, the spokesperson stressed 'it is a fabrication, we categorically reject that news' she noted that whenever there were favourable progress in the bilateral relations between the two countries there always appeared allegations of the kind to obstruct the process of their normalization.

Also at the press conference Ms. Lan make known that a delegation of senior economic officials of the ASEAN secretariat and its member countries is expected in Vietnam from Jan. 22-26 to enquired into its possibility to participated in ASEAN's development projects, and that Deputy Premier Phan Van Khai will pay an official visit to the Netherlands from Jan. 23-26. And after that he will attend the annual conference of the World Economic Forum held in Switzerland from Jan. 27-28. Foreign Minister Nguyen Manh Cam will participate in the first session of the Vietnam-Philippines joint committee scheduled in Manila in the first week of February. After the Philippines, Mr. Cam will visit Australia and Singapore Ms. Lan added.

Commentary Hails Opening of Offices

BK2001120695 Hanoi Voice of Vietnam in English 1000 GMT 20 Jan 95

[Station commentary]

[FBIS Transcribed Text] A spokesman for the Vietnamese Foreign Ministry said Vietnam and the U.S. liaison offices could be opened in Hanoi and Washington before February. Our commentator has this to say:

Both Vietnam and the United States are making final preparations for the opening of liaison offices in the two countries' respective capitals. When this becomes true, it will promote further the process of normalizing bilateral relations. Ms. (Virginia Foote), chairman of the U.S.-Vietnam Commercial Council, said 1995 was an important year, focusing on a complete normalization of diplomatic and economic relations between the two countries. Reality shows that bilateral U.S.-Vietnam ties are changing for the better. Late last year, the U.S. Congress adopted a resolution, lifting the embargo on direct aid to Vietnam. Many members of the Republican Party support the normalization process. Now there are 65 U.S. firms with a presence in Vietnam and most have set up business ties with their Vietnamese counterparts. Last year, American investment increased $170 million, pushing the United States to 13th position among foreign investing countries in Vietnam. The situation facilitates the liaison offices of the two countries to function effectively. They are certain to become bridges linking bilateral relations and contributing greatly to the process of normalization of those relations.

Broad section of public opinion in the two countries experess the wish that following the opening of the two offices, America and Vietnam will quickly normalize relations. This benefits both countries.

India Joint Working Group Holds First Meeting

BK2001062795 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 19 Jan 95

[FBIS Translated Text] Implementing the agreement reached by Prime Minister Vo Van Kiet and Indian Prime Minister Narasimha Rao during the latter's visit to Vietnam in September 1994 on promoting multifaceted cooperation between the two countries, a Vietnamese Government delegation led by Deputy Finance Minister Pham Van Trong has arrived in New Delhi to attend the first meeting of the joint working group of the Vietnam-India Governmental Committee for Economic, Trade, Cultural, and Scientific-Technological Cooperation [VIGCETCSC] during 16-19 January. The Indian delegation was led by the Indian deputy foreign minister.

At this conference, the two sides officially set up the joint 10-member working group with five members on each side. The group will conduct research and make proposals to promote cooperation between the two nations and carry out decisions and tasks assigned by the VIGCETCSC. The group held its first meeting to review cooperation during the past period and discuss measures to improve work in the future. The two sides also discussed preparations for the seventh conference of the VIGCETCSC to be held this year.

* Bank Director Discusses Capital, Reforms

952E0045 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 5 Dec 94 p 3

[Statement by Nguyen Van Tru, director, Ho Chi Minh City State Bank, made at a talk session organized by SAIGON GIAI PHONG on 29 November 1994, and summarized by A.K.: "Strategy on Mobilizing Capital and Renovating Bank Payment Transactions"]

[FBIS Translated Text] The renovation of the banking technology covers many areas. Here we mention two issues having to do with the strategy of mobilizing capital and renovation of technology in the field of payment.

Long-Term Capital-Creating Strategy and Measures

To build and make operative the short- and long-term capital markets by adopting the following measures:

—To reform and improve the credit market: a market consisting of relations between commercial banks and customers through accepting deposits and granting loans. This market is further improved everyday in terms of diversifying the forms of deposits, banking services, and loans.

—The treasury bond market: This market buys and sells treasury bonds or state bank bonds (wherever the state does not issue treasury bonds through which it borrows money from the people). This is the short-term capital market. Through its activities, the state bank carries out open-market transactions to supply or attract money.

—The interbank foreign-currency market: This form of market replaces the two present centers of transactions and at the same time is the first step toward establishing a foreign exchange market. It is designed to handle the foreign-currency relations between the state bank and commercial banks, and among the commercial banks themselves. It is also designed to create more potential in terms of capital in Vietnamese currency for commercial banks through buying and selling foreign currencies. Through this market, the state bank can actively regulate the rates of exchange.

—The interbank local-currency market: This market handles the relations among commercial banks in terms of capital. They can borrow and lend money among themselves in this market before "knocking at the door" of the state bank. The activities of this market use to the greatest extent the ability to adjust capital among the commercial banks which have an excess of capital or lack capital and use the existing capital potential to the fullest extent before having to get money from the central source (money issued by the state bank). Interest rates in this market are a thermometer that helps the central bank to decide what discount interest rate it should set, by either raising or lowering it so as to either limit or increase the money supply provided for the national economy.

—The stock exchange: If the activities of the above-mentioned markets are within those of the short-term capital market, we will need to organize the long-term capital market to satisfy the need of the national economy for long-term capital, and the highest form of activity of this market is the stock exchange. The latter will be the place where the potential sources of capital from the people and from businesses are gathered and distributed, with their scattered and short-term capital being turned into sources of combined and long-term capital to be used to develop production. In the stock exchange investors can find a place to invest their money and businesses can find sources of mid- and long-term capital to expand their production and business activities. The stock exchange naturally must be fully prepared in terms of having the right economic factors, legal environment, equipment, and manpower for active but careful and steady operations.

Renovation of Technology in the Field of Payment

The Development Project for Modernizing Bank of Vietnam Payment Systems:

—The period from November 1994 to the year 2000: From 1996 on, parts of the project will be put to use; the invested capital, which can be from U.S.$50 and 60 to 100 million, will constitute a high-priority investment program aimed at strengthening the infrastructure of the State Bank and the Vietnam Commercial Bank.

—The pre-project program uses the advisory services of a company to be selected by bidding by the World Bank and National Payment Council; work was started on 14 November 1994 in two stages: transfer of high-level advisory services and technology at the end of March 1995, followed by the stage of assembly, installation, and building of systems and operations. The bank's payment council and the advisory company are coordinating their work to carry out the program.

—This project has a great significance for the economy and the bank:

a. To strengthen the base of macrocosmic operations of the economy, particularly those having to do with the nationwide gathering of capital.

b. To increase the speed of payment, safety, and reliability.

c. To develop many new services and to make them available to the economy and the people.

d. To adjust the pre-circulation structure along the line of attracting capital for investment and reducing the amount of cash and stagnant capital (we anticipate that by the year 2000 the money deposited in our banks will account for 85 percent, and cash 15 percent).

e. It is the tool for raising the ability of our businesses and commercial banks to cooperate and compete in domestic and international markets.

f. To bring about a number of new conditions, to basically improve domestic and international payment, to come closer to the banking standards of other countries in our region, and to gradually integrate into the international system.

The project will establish a number of infrastructural installations using the new technology of the Central State Bank in Ho Chi Minh City and in a number of large cities and provinces, achieve improvement in other provinces, and strongly develop the infrastructure of the commercial banks at the central level and in cities and provinces, first in the cities and provinces that have major activities, perhaps as follows:

—To set up a national payment center and a backup center.

—The Ho Chi Minh City payment center playing the deserving role of being the country's major financial center.

—A number of payment centers in large cities, in the future perhaps serving as interprovincial regional centers.

—An immediate task being to strengthen the compensation payment centers in the localities.

—To build a payment center of commercial banks in the Central Bank and payment centers of commercial banks in large cities.

Payment centers will be linked with the national compensation payment center, and maybe (in accordance with our projection) nationwide compensation payment will be organized.

The important goal is to organize an exchange of information for the purpose of handling combined capital and to put an end to the situation of capital being scattered and handled too slowly.

The new payment system will serve as a base to ensure effective operations of the stock exchange and the foreign-currency, interbank, and open markets, especially between the two Saigon and Hanoi financial centers.

A Number of Short-Term Projects Being Urgently Developed:

—The international payment network:

A program of public interest is that of Vietnam's joining the International Telecommunications Financial Organization (SWIFT). This program, which started nearly a year ago, is now being prepared for operation. Six banks in the first group (the State Bank, Foreign Trade Bank, Bank of Agriculture, Investment Bank, Industry and Commerce Bank, and Export-Import Bank) have set up payment relations through SWIFT, are assembling and installing equipment in order to start a trial-operation period by the end of 1994, and will begin operations early next year.

—To install automatic-teller machines (ATM's):

In addition to the ATM network of Vietcombank in Ho Chi Minh City, which has been the first to operate, the Central Bank will develop and expand its own network, which according to projection will consist of 15-20 ATM's being put to use at the beginning of the second quarter of 1995 in Hanoi and a number of other locations. A bidding has been held and a company has been selected to supply these machines.

—The domestic payment network:

The program of the Vietnam Bank of Agriculture to connect its payment network with districts, now operating in 12 northern provinces and 21 southern provinces, according to projection will be completed by the end of 1994 in 46 provinces and cities. An important improvement of payment at the provincial and municipal level will be achieved with the automatic-money-transfer network. Computer software is being developed for use in daily accounting communications.

—Payment checks:

The Central Bank is getting ready to submit a checks regulation, to issue accounting and electronic money transfer rules, and in the near future to issue the Commercial Draft Law. Personal accounts and personal checks among the population, a new service of commercial banks aimed at carrying out the strategy of mobilizing invested capital and satisfying the need for convenient payment by the people, would take place when the people's economic and income conditions have been improved.

The above-mentioned renovation of banking technology has been designed to make the activities of our banks have quick access to the market mechanism in accordance with international practices and integrate themselves into the world financial community.

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